OTP Bank Plc.

Half-year Financial Report
First half 2020 result

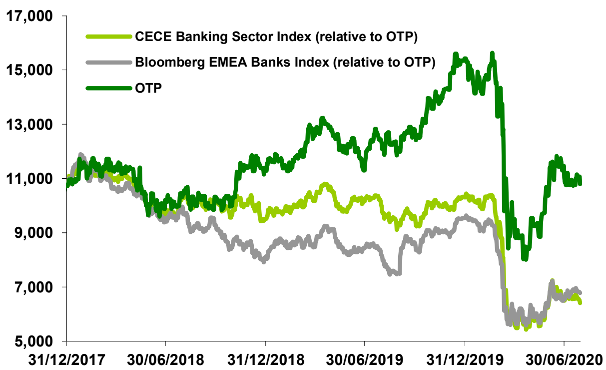
(English translation of the original report submitted to the Budapest Stock Exchange)

Budapest, 7 August 2020

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the Statement of recognised income in HUF million	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	**177,959**	**74,598**	**-58%**	**105,378**	**-4,072**	**78,670**		**-25%**
Adjustments (total)	-24,671	-39,456	60%	-6,852	-35,904	-3,552	-90%	-48%
Consolidated adjusted after tax profit without the effect of adjustments	**202,630**	**114,054**	**-44%**	**112,230**	**31,832**	**82,222**	**158%**	**-27%**
Pre-tax profit	227,928	128,696	-44%	126,102	35,850	92,846	159%	-26%
Operating profit	232,935	258,200	11%	124,177	127,183	131,016	3%	6%
Total income	498,994	568,074	14%	259,278	283,873	284,200	0%	10%
Net interest income	333,360	394,763	18%	170,690	200,280	194,482	-3%	14%
Net fees and commissions	124,048	135,820	9%	66,825	69,234	66,586	-4%	0%
Other net non-interest income	41,586	37,492	-10%	21,763	14,359	23,132	61%	6%
Operating expenses	-266,059	-309,874	16%	-135,101	-156,690	-153,184	-2%	13%
Total risk costs	-10,583	-130,744		-4,385	-91,694	-39,051	-57%	790%
One off items	5,576	1,240	-78%	6,310	360	880	144%	-86%
Corporate taxes	-25,298	-14,642	-42%	-13,872	-4,018	-10,624	164%	-23%
Main components of balance sheet closing balances in HUF million	2019	1H 2020	YTD	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Total assets	20,121,767	21,790,154	8%	16,458,378	21,858,302	21,790,154	0%	32%
Total customer loans (net, FX adjusted)	**12,820,975**	**13,044,865**	**2%**	**10,062,642**	**13,056,238**	**13,044,865**	**0%**	**30%**
Total customer loans (gross, FX adjusted)	**13,535,404**	**13,878,564**	**3%**	**10,788,080**	**13,861,323**	**13,878,564**	**0%**	**29%**
Allowances for possible loan losses (FX adjusted)	-714,428	-833,699	17%	-725,438	-805,084	-833,699	4%	15%
Total customer deposits (FX adjusted)	**16,179,017**	**16,588,162**	**3%**	**13,397,881**	**16,304,866**	**16,588,162**	**2%**	**24%**
Issued securities	393,167	401,829	2%	385,398	399,603	401,829	1%	4%
Subordinated loans	249,937	271,478	9%	81,532	272,320	271,478	0%	233%
Total shareholders' equity	2,291,288	2,380,263	4%	1,992,844	2,315,540	2,380,263	3%	19%
Indicators[2] based on adjusted earnings	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.9%	6.4%	-12.5%p	21.9%	-0.7%	13.5%	14.2%p	-8.4%p
ROE (from adjusted net earnings)	21.6%	9.8%	-11.7%p	23.3%	5.5%	14.1%	8.6%p	-9.2%p
ROA (from adjusted net earnings)	2.6%	1.1%	-1.5%p	2.8%	0.6%	1.5%	0.9%p	-1.2%p
Operating profit margin	2.95%	2.45%	-0.50%p	3.05%	2.46%	2.44%	-0.02%p	-0.61%p
Total income margin	6.32%	5.39%	-0.93%p	6.38%	5.49%	5.30%	-0.20%p	-1.08%p
Net interest margin	4.22%	3.75%	-0.48%p	4.20%	3.88%	3.63%	-0.25%p	-0.57%p
Cost-to-asset ratio	3.37%	2.94%	-0.43%p	3.32%	3.03%	2.86%	-0.18%p	-0.47%p
Cost/income ratio	53.3%	54.5%	1.2%p	52.1%	55.2%	53.9%	-1.3%p	1.8%p
Provision for impairment on loan and placement losses-to-average gross loans ratio	0.19%	1.73%	1.54%p	0.15%	2.57%	0.92%	-1.65%p	0.78%p
Total risk cost-to-asset ratio	0.13%	1.24%	1.11%p	0.11%	1.77%	0.73%	-1.05%p	0.62%p
Effective tax rate	11.1%	11.4%	0.3%p	11.0%	11.2%	11.4%	0.2%p	0.4%p
Net loan/(deposit+retail bond) ratio (FX adjusted)	75%	79%	4%p	75%	80%	79%	-1%p	4%p
Capital adequacy ratio (consolidated, IFRS) - Basel3	17.4%	16.3%	-1.1%p	17.4%	16.2%	16.3%	0.1%p	-1.1%p
Tier1 ratio - Basel3	15.9%	13.9%	-1.9%p	15.9%	13.9%	13.9%	0.1%p	-1.9%p
Common Equity Tier 1 ('CET1') ratio - Basel3	15.9%	13.9%	-1.9%p	15.9%	13.9%	13.9%	0.1%p	-1.9%p
Share Data	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
EPS diluted (HUF) (from unadjusted net earnings)	678	285	-58%	402	-16	301		-25%
EPS diluted (HUF) (from adjusted net earnings)	773	435	-44%	429	121	314	158%	-27%
Closing price (HUF)	11,300	11,020	-2%	11,300	9,500	11,020	16%	-2%
Highest closing price (HUF)	13,230	15,630	18%	13,230	15,630	11,830	-24%	-11%
Lowest closing price (HUF)	11,270	8,010	-29%	11,300	8,425	8,010	-5%	-29%
Market Capitalization (EUR billion)	9.8	8.7	-12%	9.8	7.4	8.7	17%	-12%
Book Value Per Share (HUF)	7,117	8,501	19%	7,117	8,270	8,501	3%	19%
Tangible Book Value Per Share (HUF)	6,429	7,636	19%	6,429	7,444	7,636	3%	19%
Price/Book Value	1.6	1.3	-18%	1.6	1.1	1.3	13%	-18%
Price/Tangible Book Value	1.8	1.4	-18%	1.8	1.3	1.4	13%	-18%
P/E (trailing, from accounting net earnings)	9.3	10.0	8%	9.3	7.9	10.0	26%	8%
P/E (trailing, from adjusted net earnings)	8.8	9.3	6%	8.8	7.4	9.3	27%	6%
Average daily turnover (EUR million)	16	27	68%	15	27	27	2%	87%
Average daily turnover (million share)	0.4	0.9	100%	0.4	0.7	1.0	33%	154%

SHARE PRICE PERFORMANCE



S&P GLOBAL RATINGS

OTP Bank and **OTP Mortgage Bank** – FX Long term credit rating: BBB

MOODY'S RATINGS

OTP Bank – FX long term deposits: Baa3

OTP Bank – Subordinated Foreign Currency Debt: Ba1

OTP Mortgage Bank – Covered mortgage bond: Baa1

FITCH'S RATING

OTP Bank Russia – Long term credit rating: BB+

[1] Structural adjustments made on consolidated IFRS profit and loss statement and balance sheet, together with the calculation methodology of adjusted indicators, are detailed in the Supplementary data section of the Report.

[2] In order to use harmonized annualization parameters accross the Group members starting from 2020, performance indicators of OTP Group, DSK Group and Merkantil in the case of which the formula includes annualization in the numerator have been retroactively amended for the 1Q 2020 period.

HALF-YEAR FINANCIAL REPORT – OTP BANK'S RESULTS FOR FIRST HALF 2020

Summary of the first half 2020 results of OTP Bank Plc. has been prepared on the basis of its non-audited separate and consolidated IFRS financial statements for 30 June 2020 or derived from that.

EXECUTIVE SUMMARY: SUMMARY OF THE FIRST HALF AND SECOND QUARTER 2020

The impact of COVID-19 pandemic reached the Hungarian economy amid basically good macro conditions: in 1Q 2020 the GDP growth was 2.2% exceeding the European Union's average by around 5 pps. In 2Q, however the economy might suffer a significant setback between 7-10%.

Hungary successfully handled the first wave of the pandemic, parallel the Government and the Central Bank introduced efficient measures. As a result, the contraction of economic activity bottomed out in 2Q and the recovery has started. Accordingly, for 2020 the Government forecasts around 3% drop in economic performance y-o-y, while the budget deficit to GDP might reach 3.8%.

According to the expectation of NBH corporate exposures might increase around 6% in 2020 (owing to the Funding for Growth Scheme Go (FGS Go) by NBH, as well as various lending and guarantee facilities by the Hungarian Development Bank and other Government-initiated loan programmes) and by the end of 2021 the growth may accelerate to 10% again. Regarding retail volumes, until 1H 2021 the growth rate may moderate to 5%, afterwards it may reach double digit pace again. Volume dynamics have been supported by the debt moratorium, too, effective from 19 March 2020.

Alongside the material worsening of global economic outlook disinflation trends strengthened and further monetary easing measures were introduced all over the word. As a result, external monetary conditions became looser. On 23 June the Monetary Council of NBH decided about a 15 bps rate cut bringing down the policy rate to 0.75%, followed by another 15 bps decrease on 21 July, but leaving all other monetary conditions unchanged.

The economic outlook in other countries of OTP universe to a great extent is determined by the success of pandemic measures, the pace of economic rebound and efficiency of government and central bank toolsets. In a number of countries (Russia, Ukraine, Romania, Serbia, Moldova) rate cuts continued, besides other steps (phasing out the banking tax in Slovakia from 1 July 2020, extending moratorium deadlines in Romania, Serbia and Bulgaria) were made to stimulate local economies and elevate lending activity. However, in June the number of COVID-19 infections cases started increasing again in several countries (Serbia, Croatia, Romania, Albania, Bulgaria, and Montenegro), furthermore in Ukraine and Russia the normalization is fairly slow; as a result in those countries one can expect a more protracted recovery and weaker business activity.

Currently there is a high degree of uncertainties around the duration of the pandemic, as well as the pace of the recovery of the global economy. Accordingly, the management still refrains from making a detailed 2020 Guidance. However, it states that according to its expectation

- ***the adjusted ROE for 2020 might exceed 10%;***
- ***the annual risk cost rate may be around 125 bps alongside the currently probable macroeconomic development path;***
- ***FX-adjusted performing (Stage 1+2) loan volumes might increase by around 7% y-o-y following a 3% growth in 1Q and a near zero change in 2Q as a result of a drop in new business volumes induced by COVID-19 pandemic.***

The six months consolidated accounting profit of HUF 74.6 billion has not been incorporated into the regulatory capital as the Bank didn't conduct a review according to ISRE 2410 auditing standards. However, in case of its 3Q results it intends to have a review, consequently eligible interim profit will be part of the regulatory capital.

Calculating 2Q capital adequacy the Bank has already applied two regulatory changes. On one hand provisions for the expected credit losses on Stage 1+2 exposure under IFRS 9 were released from the regulatory capital (+19 bps), on the other hand favourable treatment of sovereign exposure in EU currencies had an additional positive impact of 16 bps. Furthermore, the SME supporting factor and the prudential treatment of software will have a positive estimated impact of 24-42 bps on CET1. Their application is expected to happen in 2H 2020 alongside with the positive effect of the RWA reduction stemming from the divestment of OBS (around 25 bps). All those factors will improve CET1 by 49-67 bps.

OTP Bank's capital adequacy targets (CET1) remained unchanged with a long-term CET1 target level of 15% and a range of 12-18%. Given the reduction of regulatory minimum of Tier1/CET1 to 9.7% in 2020-21 (with 118% SREP rate), in short and medium run the management prefers a range of 12-15%.

OTP's management is committed to pay dividend after 2020 in such a magnitude that it also compensates shareholders for the originally proposed HUF 69.44 billion after 2019, for which the pay-out was stopped at the request of the regulator. Regarding the actual size of the dividend the management will make its proposal prior to the AGM approving 2020 results depending on the annual accounting profit, acquisition opportunities, the then prevailing economic environment, as well as the regulatory and supervisory requirements.

Consolidated earnings: HUF 114 billion adjusted profit after tax in 1H (2Q: HUF 82.2 billion) with continued NIM erosion, q-o-q significantly moderating risk costs, minor deterioration in credit quality, ytd 2% performing loan volume growth

1H 2020 after-tax profit was shaped mainly by the volume of risk costs. The consolidated accounting profit for the first six months was HUF 74.6 billion which already incorporates HUF 3.2 billion profit contribution from the Slovenian SKB Banka.

The total volume of adjustment items in 1H represented -HUF 39.5 billion (after tax), of which -HUF 3.6 billion occurred in 2Q with the following major items:

- -HUF 6.7 billion acquisition impact (after tax);
- -HUF 0.6 billion banking tax (after tax) of which -0.35 billion was the Slovakian banking tax and -0.25 billion was booked at the Hungarian group members as a result of the NPV effect of the new banking tax payable in 2020[3];
- HUF 0.75 billion (after tax) effect due to the refund of a penalty imposed earlier by the Competition Authority, as it was overruled by the court;
- HUF 0.9 billion positive tax impact of the impairment booked in the wake of the revaluation of the investment in the Romanian subsidiary;
- HUF 2 billion release (after tax) related to the moratorium in Hungary effective from 19 March based on the actual participation. At the beginning of July 53% of retail loan volumes and 31% of corporate loan volumes (compared to end-June outstanding gross loan volumes) took part of the scheme which comprises HUF 1,828 billion exposures. Regarding those foreign subsidiaries, where loan moratoria was introduced, the Bank has not calculated with meaningful negative impact based on actual participation statistics due to the different interest calculation methodologies in place.

Since 6M results were heavily distorted by the volume of total risk costs (almost HUF 92 billion) made in 1Q, general trends are better illustrated and easier compared to base periods through the development of operating income.

In 1H 2020 OTP Group posted HUF 258.2 billion consolidated operating income (+11% y-o-y). Semi-annual total income increased dynamically (+14% y-o-y) with net interest income increasing by 18% y-o-y, while net fees & commissions income grew by a slower pace (+9%, respectively) and other net non-interest income declined by 10% y-o-y.

The consolidate NIM eroded substantially (1H 2020: 3.75%, -48 bps y-o-y) due to several reasons: on one hand the interest rate environment declined substantially in a couple of countries (Russia, Ukraine, Romania, Serbia and Moldova), furthermore, new subsidiaries consolidated into OTP Group usually operated with lower margins than the Group as a whole. Also, the increase of the balance sheet had a dilution effect which was only partially offset by the positive impact of FX moves. The 6M net interest income adjusted by acquisitions grew by 6% y-o-y as a result of higher performing loan volumes.

In 1H operational expenses nominally surged by 16% y-o-y, however adjusted by the acquisitions (2Q 2019: the Albanian subsidiary, 2H 2019: the Montenegrin, Moldavian, Serbian and from January 2020 the Slovenian subsidiaries) the FX-adjusted expense growth would be only 2.6% y-o-y.

In 2Q 2020 the Group posted HUF 82.2 billion adjusted profit, of which the Slovenian subsidiary comprised HUF 3.2 billion. The quarterly net results improved by 2.6 times q-o-q, but dropped by 27% y-o-y. The effective tax rate (11.5%) was practically the same as in the base period last year. In 2Q the adjusted ROE was 14.1% (1H 2020: 9.8%).

While in 1Q 2020 all Group members suffered a significant setback in profit both y-o-y and q-o-q as a result of the COVID-19 related risk provisions, in 2Q moderating risk costs elevated earnings. All Group members, but the Ukrainian subsidiary and Merkantil Group managed to post a meaningful q-o-q improvement in bottom-line earnings.

[3] According to the law the paid-in amount becomes deductible in equal instalments over the next five years from the nominal amount of the "old" bank tax (in the form of tax withholding).

The profit contribution of non-Hungarian operations reached 50% in 2Q increasing substantially both y-o-y and q-o-q (+8 and 19 pps respectively).

In 2Q the pre-provision operating profit was HUF 131 billion (+3% q-o-q). Total income grew marginally, within that net interest income declined by 3% q-o-q as a result of further eroding NIM and stagnating performing loan volumes. The NII decline was more meaningful at the Bulgarian, Russian and Ukrainian subsidiaries where the erosion of local NIMs was coupled with lower performing loan volumes.

Net fee & commission income decreased by 4% q-o-q despite OTP Core even enjoyed a slight quarterly increase – due to the base effect of negative one-off arising in 1Q. Practically all foreign subsidiaries suffered a setback q-o-q, the most pronounced decline hit the Russian operation, where pandemic resulted in a fairly weak sales activity not just in April, but in May, too. In Croatia and Montenegro where tourism comprises a meaningful revenue source, declining conversion, credit card and ATM-related fee income turned to be weak on sluggish turnover.

Other net noninterest income surged by 61% (around HUF 9 billion) q-o-q, partially as a result of better securities result. Also, HUF 5.7 billion additional other revenue was realized due to the revisions of the accounting treatment of VISA C type shares. Those securities entered the book of five Group members back in 2016 (Hungary, Bulgaria, Romania, Slovakia and Croatia). According to IAS 32 accounting standard those securities are better booked within debt instruments rather than adjusting for fair value within the comprehensive income statement against equity. As a result, the Bank reclassified those securities into financial instruments and their fair value adjustment affected the income statement.

The consolidated net interest margin kept eroding in 2Q and the drop even accelerated (2020 1Q: -19 bps, 2Q: -25 bps) with Ukraine suffering the single biggest decline (-103 bps q-o-q).

The Hungarian reference rate (3M Bubor) went through a significant volatility: against the 1Q closing level of 46 bps, by mid-April it jumped to 110 bps in line with the announcement of monetary toolset by NBH; but closed the second quarter at 74 bps (currently it is 60 bps). The positive impact of the higher rate already kicked in in 2Q, however the more meaningful effect is due in 2H 2020.

In 2Q operational expenses declined by 2% q-o-q. Out of the three major cost elements the drop was more material in personal and administrative expenses, whereas amortization grew as a result of investments made in earlier periods. The 2Q cost-to-income ratio improved by 1.3 pps q-o-q and moderated to 53.9%.

Following a 3% increase in 1Q, in 2Q the consolidated performing (Stage 1+2) loan volumes (FX-adjusted) declined marginally. As a result ytd organic volume growth was 2% (+HUF 315 billion). Y-o-y the organic volume growth was 11% (+31% with acquisition impact).

Regarding Stage 1+2 volume developments at Group member banks, during the first six month OTP Core excelled itself followed by the Croatian and Serbian subsidiaries. At the same time the Russian and Ukrainian operations suffered a meaningful volume contraction (-17% and -5% respectively). Also, given its absolute volume, the 2% ytd erosion in Bulgaria (-HUF 56 billion) was substantial, too.

In 2Q the FX-adjusted performing portfolio grew by 2% q-o-q at OTP Core, OBR and OBH (+5% q-o-q in Serbia), but decreased in Bulgaria (-3%), Ukraine (-6%) and Russia (-14%).

As for the main credit categories in 2Q the FX-adjusted Stage 1+2 mortgage loan portfolio – similar to 1Q – grew by 2% q-o-q. The large corporate portfolio stagnated, whereas the micro and small enterprise book, as well as the consumer exposure eroded by 1% each.

Lending activity in 2Q to a great extent was shaped by lockdowns and limitations related to COVID-19, but the more cautious attitude of clients also took its toll. There were countries and segments where new lending volumes dropped between 60-80% q-o-q (Russian cash loans: -80%, Croatian cash loans:-76%, Hungarian cash loans:-59%).

The FX-adjusted deposits grew by 2% q-o-q, as a result during the first six months volumes expanded by HUF 413 billion (+3% ytd). The consolidated net loan-to-deposit ratio slightly declined to 79% (-1 pp q-o-q).

At the end of 2Q 2020 the gross operative liquidity reserves of the Group comprised EUR 6.4 billion equivalent (practically no change q-o-q). Since the resolution authority extended the original interim deadline of 30 June for MREL eligibility by six months, no international transaction was executed in 1H 2020.

The direct negative impacts of the coronavirus could be already observed in 2Q through increase in the DPD90+ volumes (1Q: HUF 30 billion, 2Q: HUF 53 billion adjusted for FX and the effect of sales and write-offs).The consolidated DPD90+ ratio increased to 4.4% (+0.2 pp q-o-q).

The Stage 1+2 exposures comprised 94.1% (HUF 13,055 billion). Within that Stage 1 loans represented 85.4% and Stage 2 ratio was 8.6%.

The Stage 3 ratio under IFRS 9 was 5.9% (+0.2 pp q-o-q, -1.8 pps y-o-y). The own coverage of Stage 1, 2 and 3 exposures was 1.2%, 12.7% and 65.8%, respectively.

Total risk costs in 2Q represented -HUF 39 billion to cover the actual portfolio quality deterioration, as well as reflect the revision of forward looking economic assumptions. In case of exposures under the effect of payment moratorium bulk of the risk is expected to materialize only after the moratorium expires, however in line with IFRS 9 guidance the Bank also made the necessary provisions on them.

Provisions for impairment on loan and placement losses declined to -HUF 31.5 billion in 2Q which was roughly 1/3 of those in the previous quarter; as a result 2020 1H risk cost rate was 1.73% (2Q:0.92%).

During 2Q the single biggest provision volumes were made in case of the Russian operation, however q-o-q all operations saw a decline in risk provisions, but Ukraine and the Merkantil Group.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of June 2020 the consolidated Common Equity Tier1 ratio under IFRS was 13.9% (no change q-o-q). This ratio equals to the Tier1 ratio and did not include either the retained earnings for the period or accrued dividend.

Effective from 1 July 2020 the original level of O-SII capital buffer (2%) was modified to 0% by the NBH until 31 December 2021. Afterwards, this buffer should be rebuilt gradually between 1 January 2022 and 31 December 2023. As a result, the effective regulatory minimum level of Tier1 capital adequacy ratio for OTP Group changed to 9.7%, whereas the minimum CET1 requirement level to 7.9%, respectively.

In 2Q the consolidated regulatory capital was reduced by HUF 73 billion as a result of treasury shares buyback and other transactions. The q-o-q higher deduction is partially reasoned by the decision of the NBH, according to which the total amount of share buyback approved by the regulator is to be deducted immediately from the regulatory capital.

Such approval let the Bank purchasing own shares mainly to match the required amount under its remuneration policy. After obtaining the approval bulk of the treasury share transactions was related to the goal of matching the share requirement for the next few years.

While in case of the regulatory capital the total effect of the approved volume is to be deducted immediately, within the consolidated and stand-alone balance sheet own equity should be reduced only by the actual number of shares held at the end of the period at historical entry price. As a result there was a difference between deductions from the regulatory capital versus own equity in 2Q. Once the validity of the NBH approval expires, if there was an unutilized outstanding balance of own shares still, the deduction on this part can be add on to the regulatory capital.

The q-o-q higher negative impact of own share deduction, however was partially offset by around HUF 34 billion related to applying IFRS 9 transitional rules. Furthermore, as RWA volumes also shrank by 2% q-o-q, the Tier1=CET1 ratio remained unchanged despite regulatory capital decreasing.

Credit rating, shareholder structure

During 2Q neither S&P Global Ratings, nor Moody's changed their credit ratings, consequently OTP Bank Plc's long-term issuer credit rating and long-term FX deposit ratings were 'BBB/Baa3', the outlook was stable in both cases. However, the outlook on OTP Mortgage Bank's issuer rating ('Baa2') was changed by Moody's in April 2020 from stable to negative.

Fitch's 'BB+' rating on OTP Bank Russia has not changed either, the outlook turned to negative from stable in April 2020.

Regarding the ownership structure of the Bank, on June 2020 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.64%), the Kafijat Group (7.14%), OPUS Securities SA (5.22%) and Groupama Group (5.16%).

DISCLAIMER − Risks relating to the impact of COVID-19 pandemic

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environment. There are a number of factors associated with the COVID-19 pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the OTP Group.

The COVID-19 pandemic has caused disruption to the OTP Group’s customers, suppliers and staff. A number of jurisdictions in which the OTP Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. It remains unclear how this will evolve through 2020 and the OTP Group continues to monitor the situation closely. However, the OTP Group's ability to conduct business may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the OTP Group’s customers, and reputational damage.

Furthermore, the OTP Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data.

Any and all such events mentioned above could have a material adverse effect on the OTP Group’s business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings, as well as on the OTP Group’s customers, employees and suppliers.

SUMMARY OF MACROPOLITICAL MEASURES MADE IN 2Q 2020 AND OTHER IMPORTANT DEVELOPMENTS, AS WELL AS POST-BALANCE SHEET EVENTS

In its 1Q 2020 Report OTP Bank prepared a summary country-by-country on the major macropolitical measures made either by particular governments or central banks as a response to the pandemic. The measures mentioned in that report covered the period until 30 April in the case of Hungary, and 27 April in the case of the countries of foreign subsidiaries. For details please revert to the 1Q 2020 Report.

Below we will display those measures and developments which have been made since then and – in OTP Bank's view – are relevant and can materially influence the operation of our Group members.

Post-balance sheet events cover the period until 31 July.

Given that currently OTP Bank does not have all information which relate to the above mentioned economic policy measures, the actual implementation of such measures or the effect of such measures on the clients of OTP Group and taking into account that currently, OTP Bank cannot completely assess all economic policy measures which might have an effect on the operation of its group members, therefore it may occur that the list of the economic policy measures presented in this report cannot be regarded as complete. OTP Bank excludes any liability for the completeness and accuracy of the measures presented herein.

Hungary

- On 9 June the law allowing the deductibility of the new special banking levy, payable in 2020 in the total amount of HUF 55 on sector level, was promulgated. The new one-timer special banking tax will be returned to the banking system over the next five years through deductions from the nominal amount of the "old" bank tax (in the form of tax withholding).
- On 18 June the state of emergency was lifted in Hungary.
- On its 23 June meeting the Monetary Council of the NBH decided to cut the base rate by 15 bps to 75 bps.
- On 2 July the NBH decided to extend the underwriting criteria of the Funding for Growth scheme.
- On 3 July the Hungarian Parliament approved the 2021 budget with the following target indicators: 4.8% GDP growth, 3% annual inflation, 2.9% budget deficit to GDP; the public debt-to-GDP is expected to decline to 69.3% by end-2021.
- On its 23 July meeting the Monetary Council of the NBH decided to cut the base rate by 15 bps to 60 bps.
- On July 27 NBH set minimum requirements for calculating impairments for potential loan losses, simultaneously formulated more flexible prudential criteria through modifying its circular on applying IFRS9 standards regarding macroeconomic information and credit risk standards. Credit institutions can use the modified criteria aimed at moderating the consequences of COVID-19 pandemic from 27 July 2020 until the end of 2021 the latest. One particular modification is that in case of restructuring beyond the payment moratorium deadline banks may dispense with classifying the restructuring as a significant credit risk factor provided such restructuring decision was made on an assumption that both the financial difficulties of the client and the restructuring aimed curing that are having a temporary nature.

Bulgaria

- On 10 July Bulgaria officially joined the ERM-II currency mechanism.
- On 14 July the Bulgarian National Bank decided about the extension of the deadlines of the moratorium on payments. Accordingly, the deadline for submitting a request by customers for postponing payments and their approval by banks was extended until 30 September 2020; the deadline for postponing payments was extended until 31 March 2021. The extension of the deadline applies to exposures for which no request for postponed payments was submitted before 22 June 2020.

Croatia

- On 10 July Croatia officially joined the ERM-II currency mechanism.

Serbia

- On 11 June 2020 the National Bank of Serbia (NBS) cut the key policy rate by 0.25 pp to 1.25%.
- On 27 July 2020 National Bank of Serbia has adopted a regulation that offers borrowers one more suspension in the settlement of their liabilities to banks, maturing in the period between 1 August 2020 and 30 September 2020, as well as a suspension in the payment of liabilities that matured in July 2020, and which the borrower has not settled.

Romania

- On 29 May 2020 the National Bank of Romania (NBR) cut the monetary policy rate to 1.75 percent from 2.0 percent.
- In May 2020 the deadline for applying for the moratorium facility was extended by one month to June 15.
- On 17 June the state of alert was prolonged by 30 days and on 15 July by another 30 days.

Ukraine

- During the second quarter the National Bank of Ukraine (NBU) cut the policy rate in two steps by 400 bps to 6%.
- Ukraine made a USD 5 billion deal with the IMF, which is designed to help the Ukrainian economy overcome the shocks of the coronavirus crisis.
- In July the European Commission has signed a deal with Ukraine to provide EUR 1.2 billion to help the country respond to the pandemic.
- On 17 June Ukraine has extended the quarantine restrictions until July 31, 2020.

Russia

- During the second quarter the Central Bank of Russia (CBR) cut the policy rate in three steps by 175 bps to 4.25%.

Moldova

- The National Bank of Moldova (BNM) reduced the base rate in April by 125 bps to 3.25%.
- Moldova and the Council of Europe Development Bank signed a framework agreement on a loan with a total amount of 70 million euros. Furthermore, on 21 July a loan agreement was signed between Moldova and the European Union. Accordingly, the European Commission will lend 100 million euro to Moldova to help the country tackle the pandemic.

Slovakia

- On 22 May the Slovak Competition Authority (SCA) endorsed the planned sale of OTP Bank' local subsidiary to KBC.
- On 7 July the National bank of Slovakia (NBS) decided to cut the countercyclical buffer rate to 1.00%, from 1.50%, with effect from 1 August 2020.
- The Ministry of Finance and the Slovak Banking Association signed a Memorandum of Understanding, in which they agreed to cancel the payment of banking tax from 1 July 2020.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[4]

in HUF million	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	**177,959**	**74,598**	**-58%**	**105,378**	**-4,072**	**78,670**	**-2032%**	**-25%**
Adjustments (total)	**-24,671**	**-39,456**	**60%**	**-6,852**	**-35,904**	**-3,552**	**-90%**	**-48%**
Consolidated adjusted after tax profit without the effect of adjustments	**202,630**	**114,054**	**-44%**	**112,230**	**31,832**	**82,222**	**158%**	**-27%**
Banks total[1]	191,419	106,003	-45%	105,714	27,013	78,989	192%	-25%
OTP Core (Hungary)[2]	97,353	54,706	-44%	57,720	16,871	37,835	124%	-34%
Corporate Centre[3]	2,311	372	-84%	1,194	207	165	-20%	-86%
DSK Group (Bulgaria)[4]	34,228	21,536	-37%	16,630	4,411	17,125	288%	3%
OBH (Croatia)[5]	17,421	9,926	-43%	8,649	2,646	7,280	175%	-16%
OTP Bank Serbia[6]	2,991	3,661	22%	1,572	1,746	1,915	10%	22%
SKB Banka (Slovenia)	-	3,244		-	81	3,163	3787%	
OTP Bank Romania[7]	3,626	1,139	-69%	2,438	-909	2,048	-325%	-16%
OTP Bank Ukraine[8]	16,011	10,759	-33%	7,717	6,658	4,102	-38%	-47%
OTP Bank Russia[9]	13,901	-2,240	-116%	7,260	-3,556	1,316	-137%	-82%
CKB Group (Montenegro)[10]	1,839	1,625	-12%	1,144	-235	1,859	-892%	63%
OTP Bank Albania	1,206	1,144	-5%	1,206	296	849	187%	-30%
Mobiasbanca (Moldova)	-	1,729		-	468	1,261	169%	
OBS (Slovakia)[11]	533	-1,598	-400%	183	-1,671	72	-104%	-60%
Leasing	3,297	2,689	-18%	1,570	1,775	914	-49%	-42%
Merkantil Group (Hungary)[12]	3,297	2,689	-18%	1,570	1,775	914	-49%	-42%
Asset Management	1,769	1,672	-5%	750	111	1,561	1309%	108%
OTP Asset Management (Hungary)	1,741	1,641	-6%	740	107	1,534	1338%	107%
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria)[13]	29	31	9%	10	4	27	557%	175%
Other Hungarian Subsidiaries	7,054	3,698	-48%	4,564	1,759	1,939	10%	-58%
Other Foreign Subsidiaries[14]	262	119	-55%	26	161	-42	-126%	-259%
Eliminations	-1,172	-127	-89%	-393	1,013	-1,140	-213%	190%
Total adjusted after tax profit of HUNGARIAN subsidiaries[15]	110,583	62,979	-43%	65,394	21,732	41,247	90%	-37%
Total adjusted after tax profit of FOREIGN subsidiaries[16]	92,047	51,075	-45%	46,836	10,100	40,975	306%	-13%
Share of foreign profit contribution, %	45%	45%	-1%p	42%	32%	50%	18%p	8%p

[4] Relevant footnotes are in the Supplementary data section of the Report.

CONSOLIDATED AND SEPARATE, UNAUDITED IFRS REPORTS OF OTP BANK PLC.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME

Main components of the Statement of recognized income in HUF million	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	**177,959**	**74,598**	**-58%**	**105,378**	**-4,072**	**78,670**		**-25%**
Adjustments (total)	**-24,671**	**-39,456**	**60%**	**-6,852**	**-35,904**	**-3,552**	**-90%**	**-48%**
Dividends and net cash transfers (after tax)	609	185	-70%	432	33	152	366%	-65%
Goodwill/investment impairment charges (after tax)	-4,390	886	-120%	-4,390	0	886		-120%
Special tax on financial institutions (after corporate income tax)	-15,424	-17,328	12%	-195	-16,734	-594	-96%	205%
Expected one-off negative effect of the debt repayment moratorium in Hungary (after corporate income tax)	0	-18,164		0	-20,152	1,988	-110%	
Impact of fines imposed by the Hungarian Competition Authority (after tax)	0	749		0	0	749		
Effect of acquisitions (after tax)	-3,540	-5,783	63%	-772	949	-6,733	-809%	772%
One-off impact of regulatory changes related to FX consumer contracts in Serbia	-1,926	0	-100%	-1,926	0	0		-100%
Consolidated adjusted after tax profit without the effect of adjustments	**202,630**	**114,054**	**-44%**	**112,230**	**31,832**	**82,222**	**158%**	**-27%**
Before tax profit	**227,928**	**128,696**	**-44%**	**126,102**	**35,850**	**92,846**	**159%**	**-26%**
Operating profit	**232,935**	**258,200**	**11%**	**124,177**	**127,183**	**131,016**	**3%**	**6%**
Total income	**498,994**	**568,074**	**14%**	**259,278**	**283,873**	**284,200**	**0%**	**10%**
Net interest income	**333,360**	**394,763**	**18%**	**170,690**	**200,280**	**194,482**	**-3%**	**14%**
Net fees and commissions	**124,048**	**135,820**	**9%**	**66,825**	**69,234**	**66,586**	**-4%**	**0%**
Other net non-interest income	**41,586**	**37,492**	**-10%**	**21,763**	**14,359**	**23,132**	**61%**	**6%**
Foreign exchange result, net	19,760	20,167	2%	10,688	10,045	10,122	1%	-5%
Gain/loss on securities, net[1]	5,708	5,161	-10%	4,031	-3,157	8,319	-363%	106%
Net other non-interest result[1]	16,119	12,163	-25%	7,044	7,472	4,691	-37%	-33%
Operating expenses	**-266,059**	**-309,874**	**16%**	**-135,101**	**-156,690**	**-153,184**	**-2%**	**13%**
Personnel expenses	-131,135	-156,041	19%	-67,211	-79,314	-76,727	-3%	14%
Depreciation	-25,705	-33,121	29%	-13,289	-16,005	-17,116	7%	29%
Other expenses	-109,219	-120,712	11%	-54,600	-61,371	-59,341	-3%	9%
Total risk costs	**-10,583**	**-130,744**		**-4,385**	**-91,694**	**-39,051**	**-57%**	**790%**
Provision for impairment on loan and placement losses	-9,239	-116,201		-3,624	-84,724	-31,477	-63%	769%
Other provision	-1,343	-14,543	983%	-762	-6,969	-7,574	9%	894%
Total one-off items	**5,576**	**1,240**	**-78%**	**6,310**	**360**	**880**	**144%**	**-86%**
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0		0	0	0		
Result of the treasury share swap agreement at OTP Core	5,576	1,240	-78%	6,310	360	880	144%	-86%
Corporate taxes	**-25,298**	**-14,642**	**-42%**	**-13,872**	**-4,018**	**-10,624**	**164%**	**-23%**
INDICATORS	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
ROE (from accounting net earnings)	18.9%	6.4%	-12.5%p	21.9%	-0.7%	13.5%	14.2%p	-8.4%p
ROE (from adjusted net earnings)	21.6%	9.8%	-11.7%p	23.3%	5.5%	14.1%	8.6%p	-9.2%p
ROA (from adjusted net earnings)	2.6%	1.1%	-1.5%p	2.8%	0.6%	1.5%	0.9%p	-1.2%p
Operating profit margin	2.95%	2.45%	-0.50%p	3.05%	2.46%	2.44%	-0.02%p	-0.61%p
Total income margin	6.32%	5.39%	-0.93%p	6.38%	5.49%	5.30%	-0.20%p	-1.08%p
Net interest margin	4.22%	3.75%	-0.48%p	4.20%	3.88%	3.63%	-0.25%p	-0.57%p
Net fee and commission margin	1.57%	1.29%	-0.28%p	1.64%	1.34%	1.24%	-0.10%p	-0.40%p
Net other non-interest income margin	0.53%	0.36%	-0.17%p	0.54%	0.28%	0.43%	0.15%p	-0.10%p
Cost-to-asset ratio	3.37%	2.94%	-0.43%p	3.32%	3.03%	2.86%	-0.18%p	-0.47%p
Cost/income ratio	53.3%	54.5%	1.2%p	52.1%	55.2%	53.9%	-1.3%p	1.8%p
Provision for impairment on loan and placement losses-to-average gross loans	0.19%	1.73%	1.54%p	0.15%	2.57%	0.92%	-1.65%p	0.78%p
Total risk cost-to-asset ratio	0.13%	1.24%	1.11%p	0.11%	1.77%	0.73%	-1.05%p	0.62%p
Effective tax rate	11.1%	11.4%	0.3%p	11.0%	11.2%	11.4%	0.2%p	0.4%p
Non-interest income/total income	33%	31%	-3%p	34%	29%	32%	2%p	-3%p
EPS base (HUF) (from unadjusted net earnings)	678	285	-58%	402	-16	301		-25%
EPS diluted (HUF) (from unadjusted net earnings)	678	285	-58%	402	-16	301		-25%
EPS base (HUF) (from adjusted net earnings)	773	436	-44%	429	122	314	158%	-27%
EPS diluted (HUF) (from adjusted net earnings)	773	435	-44%	429	121	314	158%	-27%

Comprehensive Income Statement	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Consolidated after tax profit	177,958	74,598	-58%	105,377	-4,072	78,670		-25%
Fair value changes of financial instruments measured at fair value through other comprehensive income	17,084	-28,602	-267%	1,352	-33,118	4,516	-114%	234%
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	14	-2	-114%	35	-1	-1	0%	-103%
Net investment hedge in foreign operations	-573	-7,288		-776	-7,976	688	-109%	-189%
Foreign currency translation difference	32,099	92,960	190%	16,510	83,637	9,323	-89%	-44%
Change of actuarial costs (IAS 19)	0	0		0	0	0		
Net comprehensive income	**226,582**	**131,666**	**-42%**	**122,498**	**38,470**	**93,196**	**142%**	**-24%**
o/w Net comprehensive income attributable to equity holders	226,163	131,807	-42%	122,347	38,646	93,161	141%	-24%
Net comprehensive income attributable to non-controlling interest	419	-141	-134%	151	-176	35	-120%	-77%
Average exchange rate[2] of the HUF (in forint)	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
HUF/EUR	321	345	8%	323	339	352	4%	9%
HUF/CHF	284	324	14%	287	318	331	4%	15%
HUF/USD	284	313	10%	288	307	319	4%	11%

[1] Within the adjusted P&L the *Other net non-interest income* line the *Gains / losses on securties* and the *Net other non-interest result* lines were retroactively amended for the 1Q 2020 period, because the structural shift of *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* between these two lines was discontinued from 1Q 2020 onwards.

[2] Exchange rates presented in the tables of this report should be interpreted as follows: the value of a unit of the other currency expressed in Hungarian forint terms, i.e. HUF/EUR represents the HUF equivalent of one EUR.

CONSOLIDATED BALANCE SHEET

Main components of balance sheet in HUF million	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
TOTAL ASSETS	**16,458,378**	**20,121,767**	**21,858,302**	**21,790,154**	**0%**	**32%**	**8%**
Cash, amounts due from Banks and balances with the National Banks	1,504,941	1,841,963	2,179,710	2,175,411	0%	45%	18%
Placements with other banks, net of allowance for placement losses	494,745	410,433	630,691	930,607	48%	88%	127%
Financial assets at fair value through profit or loss	190,504	251,991	365,114	276,258	-24%	45%	10%
Securities at fair value through other comprehensive income	2,145,586	2,427,537	2,350,068	1,906,504	-19%	-11%	-21%
Net customer loans	9,474,300	12,247,519	13,078,701	13,044,865	0%	38%	7%
Net customer loans (FX adjusted[1])	**10,062,642**	**12,820,975**	**13,056,238**	**13,044,865**	**0%**	**30%**	**2%**
Gross customer loans	10,157,364	12,942,009	13,876,067	13,878,564	0%	37%	7%
Gross customer loans (FX adjusted[1])	**10,788,080**	**13,535,404**	**13,861,323**	**13,878,564**	**0%**	**29%**	**3%**
o/w Retail loans	6,345,188	7,917,190	8,088,420	8,133,860	1%	28%	3%
Retail mortgage loans (incl. home equity)	2,929,030	3,628,258	3,680,542	3,752,379	2%	28%	3%
Retail consumer loans	2,584,935	3,279,922	3,382,676	3,362,536	-1%	30%	3%
SME loans	831,223	1,009,010	1,025,201	1,018,945	-1%	23%	1%
Corporate loans	4,081,948	5,047,394	5,201,666	5,175,802	0%	27%	3%
Loans to medium and large corporates	3,757,454	4,648,215	4,780,846	4,703,423	-2%	25%	1%
Municipal loans	324,494	399,178	420,820	472,379	12%	46%	18%
Car financing loans	360,944	570,820	571,237	568,902	0%	58%	0%
Allowances for loan losses	-683,064	-694,490	-797,367	-833,699	5%	22%	20%
Allowances for loan losses (FX adjusted[1])	-725,438	-714,428	-805,084	-833,699	4%	15%	17%
Associates and other investments	17,422	20,822	21,313	26,881	26%	54%	29%
Securities at amortized costs	1,792,912	1,995,627	2,210,061	2,399,322	9%	34%	20%
Tangible and intangible assets, net	516,860	605,673	602,672	602,426	0%	17%	-1%
o/w Goodwill, net	102,478	105,298	102,728	105,630	3%	3%	0%
Tangible and other intangible assets, net	414,382	500,375	499,945	496,796	-1%	20%	-1%
Other assets	321,108	320,201	419,972	427,879	2%	33%	34%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16,458,378**	**20,121,767**	**21,858,302**	**21,790,154**	**0%**	**32%**	**8%**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	522,373	846,158	1,365,812	1,031,430	-24%	97%	22%
Deposits from customers	12,699,825	15,522,654	16,355,462	16,588,162	1%	31%	7%
Deposits from customers (FX adjusted[1])	**13,397,881**	**16,179,017**	**16,304,866**	**16,588,162**	**2%**	**24%**	**3%**
o/w Retail deposits	9,776,885	11,726,251	11,825,412	12,185,821	3%	25%	4%
Household deposits	8,193,643	9,659,966	9,802,415	10,101,388	3%	23%	5%
SME deposits	1,583,242	2,066,285	2,022,997	2,084,433	3%	32%	1%
Corporate deposits	3,607,769	4,438,206	4,466,379	4,391,489	-2%	22%	-1%
Deposits to medium and large corporates	2,959,164	3,638,971	3,621,905	3,740,569	3%	26%	3%
Municipal deposits	648,605	799,235	844,474	650,919	-23%	0%	-19%
Accrued interest payable related to customer deposits	13,227	14,560	13,075	10,852	-17%	-18%	-25%
Liabilities from issued securities	385,398	393,167	399,603	401,829	1%	4%	2%
o/w Retail bonds	3,385	3,237	3,526	2,769	-21%	-18%	-14%
Liabilities from issued securities without retail bonds	382,013	389,930	396,076	399,059	1%	4%	2%
Other liabilities	776,407	818,561	1,149,566	1,116,992	-3%	44%	36%
Subordinated bonds and loans[2]	81,532	249,937	272,320	271,478	0%	233%	9%
Total shareholders' equity	**1,992,844**	**2,291,288**	**2,315,540**	**2,380,263**	**3%**	**19%**	**4%**
Indicators	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
Loan/deposit ratio (FX adjusted[1])	81%	84%	85%	84%	-1%p	3%p	0%p
Net loan/(deposit + retail bond) ratio (FX adjusted[1])	75%	79%	80%	79%	-1%p	4%p	-1%p
Stage 1 loan volume under IFRS 9	8,809,419	11,489,554	11,880,744	11,855,833	0%	35%	3%
Stage 1 loans under IFRS9/gross customer loans	86.7%	88.8%	85.6%	85.4%	-0.2%p	-1.3%p	-3%
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.1%	1.3%	1.2%	-0.1%p	-0.1%p	0%
Stage 2 loan volume under IFRS 9	564,676	685,885	1,198,559	1,199,552	0%	112%	75%
Stage 2 loans under IFRS9/gross customer loans	5.6%	5.3%	8.6%	8.6%	0.0%p	3.1%p	3%
Own coverage of Stage 2 loans under IFRS 9			10.5%	12.7%	2.2%p	12.7%p	13%
Stage 3 loan volume under IFRS 9	783,269	766,570	797,495	823,867	3%	5%	7%
Stage 3 loans under IFRS9/gross customer loans	7.7%	5.9%	5.7%	5.9%	0.2%p	-1.8%p	0%
Own coverage of Stage 3 loans under IFRS 9			65.3%	65.8%	0.6%p	65.8%p	66%
90+ days past due loan volume	560,856	541,467	574,087	604,434	5%	8%	12%
90+ days past due loans/gross customer loans	5.5%	4.2%	4.1%	4.4%	0.2%p	-1.2%p	0.2%p
Consolidated capital adequacy - Basel3	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
Capital adequacy ratio (consolidated, IFRS)	17.4%	16.8%	16.2%	16.3%	0.1%p	-1.1%p	-0.5%p
Tier1 ratio	15.9%	14.4%	13.9%	13.9%	0.1%p	-1.9%p	-0.5%p
Common Equity Tier 1 ('CET1') capital ratio	15.9%	14.4%	13.9%	13.9%	0.1%p	-1.9%p	-0.5%p
Regulatory capital (consolidated)	1,906,027	2,390,688	2,463,015	2,426,091	-1%	27%	1%
o/w Tier1 Capital	1,739,157	2,055,106	2,106,519	2,075,528	-1%	19%	1%
o/w Common Equity Tier 1 capital	1,739,157	2,055,106	2,106,519	2,075,528	-1%	19%	1%
Tier2 Capital	166,870	335,582	356,496	350,564	-2%	110%	4%
o/w Hybrid Tier2	89,935	89,935	89,935	89,935	0%	0%	0%
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	10,954,067	14,262,197	15,188,195	14,883,459	-2%	36%	4%
o/w RWA (Credit risk)	9,481,797	12,529,878	13,458,562	13,216,321	-2%	39%	5%
RWA (Market & Operational risk)	1,472,270	1,732,319	1,729,633	1,667,138	-4%	13%	-4%

Closing exchange rate of the HUF (in forint)	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
HUF/EUR	324	331	359	357	-1%	10%	8%
HUF/CHF	292	304	339	334	-2%	14%	10%
HUF/USD	284	295	327	318	-3%	12%	8%

[1] For the FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods.
[2] The ICES bonds are considered as Tier2 debt, but accounting-wise they are treated as part of the shareholders' equity.

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income in HUF million	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	97,353	54,706	-44%	57,720	16,871	37,835	124%	-34%
Corporate income tax	-8,310	-6,082	-27%	-4,801	-2,182	-3,901	79%	-19%
Pre-tax profit	105,663	60,789	-42%	62,522	19,053	41,736	119%	-33%
Operating profit	82,243	85,827	4%	45,014	40,235	45,592	13%	1%
Total income	205,532	216,137	5%	107,144	105,821	110,316	4%	3%
Net interest income	130,048	139,131	7%	65,765	69,119	70,012	1%	6%
Net fees and commissions	58,528	60,069	3%	32,523	29,849	30,220	1%	-7%
Other net non-interest income	16,956	16,938	0%	8,857	6,853	10,085	47%	14%
Operating expenses	-123,289	-130,310	6%	-62,130	-65,586	-64,725	-1%	4%
Total risk costs	17,844	-26,279	-247%	11,197	-21,542	-4,736	-78%	-142%
Provision for impairment on loan and placement losses	17,838	-19,325	-208%	11,482	-14,353	-4,972	-65%	-143%
Other provisions	6	-6,954		-286	-7,190	236	-103%	-183%
Total one-off items	5,576	1,240	-78%	6,310	360	880	144%	-86%
Gain on the repurchase of own Upper and Lower Tier2 Capital	0	0	0%	0	0	0	0%	0%
Revaluation result of the treasury share swap agreement	5,576	1,240	-78%	6,310	360	880	144%	-86%
Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROE	12.4%	6.4%	-6.0%p	14.6%	3.9%	8.9%	5.0%p	-5.6%p
ROA	2.3%	1.1%	-1.2%p	2.6%	0.7%	1.5%	0.8%p	-1.2%p
Operating profit margin	1.9%	1.7%	-0.2%p	2.1%	1.6%	1.8%	0.2%p	-0.3%p
Total income margin	4.79%	4.29%	-0.50%p	4.90%	4.28%	4.30%	0.03%p	-0.60%p
Net interest margin	3.03%	2.76%	-0.27%p	3.01%	2.79%	2.73%	-0.06%p	-0.28%p
Net fee and commission margin	1.37%	1.19%	-0.17%p	1.49%	1.21%	1.18%	-0.03%p	-0.31%p
Net other non-interest income margin	0.40%	0.34%	-0.06%p	0.41%	0.28%	0.39%	0.12%p	-0.01%p
Operating costs to total assets ratio	2.9%	2.6%	-0.3%p	2.8%	2.6%	2.5%	-0.1%p	-0.3%p
Cost/income ratio	60.0%	60.3%	0.3%p	58.0%	62.0%	58.7%	-3.3%p	0.7%p
Provision for impairment on loan and placement losses/average gross loans[1]	-1.10%	0.96%	2.06%p	-1.39%	1.46%	0.48%	-0.98%p	1.87%p
Effective tax rate	7.9%	10.0%	2.1%p	7.7%	11.5%	9.3%	-2.1%p	1.7%p

[1] Negative Provision for impairment on loan and placement losses/average gross loans ratio implies positive amount on the Provision for impairment on loan and placement losses line.

Main components of OTP Core's Statement of financial position:

Main components of balance sheet closing balances in HUF mn	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
Total Assets	8,814,170	9,641,692	10,543,515	10,280,890	-2%	17%	7%
Net customer loans	3,243,442	3,740,975	3,959,572	4,032,293	2%	24%	8%
Net customer loans (FX adjusted)	**3,298,794**	**3,792,953**	**3,953,992**	**4,032,293**	**2%**	**22%**	**6%**
Gross customer loans	3,382,468	3,883,412	4,128,863	4,218,418	2%	25%	9%
Gross customer loans (FX adjusted)	**3,440,832**	**3,937,554**	**4,122,969**	**4,218,418**	**2%**	**23%**	**7%**
Retail loans	2,032,572	2,377,421	2,498,409	2,611,244	5%	28%	10%
Retail mortgage loans (incl. home equity)	1,328,156	1,383,813	1,402,386	1,443,107	3%	9%	4%
Retail consumer loans	467,387	746,272	829,127	892,804	8%	91%	20%
SME loans	237,028	247,335	266,896	275,333	3%	16%	11%
Corporate loans	1,408,260	1,560,133	1,624,560	1,607,174	-1%	14%	3%
Provisions	-139,026	-142,437	-169,291	-186,125	10%	34%	31%
Provisions (FX adjusted)	**-142,038**	**-144,602**	**-168,977**	**-186,125**	**10%**	**31%**	**29%**
Deposits from customers + retail bonds	6,205,631	6,770,527	6,953,286	7,104,524	2%	14%	5%
Deposits from customers + retail bonds (FX adjusted)	**6,305,486**	**6,852,634**	**6,940,118**	**7,104,524**	**2%**	**13%**	**4%**
Retail deposits + retail bonds	4,220,630	4,557,635	4,674,621	4,921,624	5%	17%	8%
Household deposits + retail bonds	3,387,551	3,606,079	3,720,879	3,925,750	6%	16%	9%
o/w: Retail bonds	3,603	3,603	3,237	2,769	-14%	-23%	-23%
SME deposits	833,079	951,556	953,742	995,874	4%	20%	5%
Corporate deposits	2,084,856	2,294,998	2,265,497	2,182,900	-4%	5%	-5%
Liabilities to credit institutions	256,130	445,301	986,940	651,016	-34%	154%	46%
Issued securities without retail bonds	425,184	435,974	441,666	442,738	0%	4%	2%
Total shareholders' equity	1,621,584	1,720,872	1,684,847	1,698,500	1%	5%	-1%
Loan Quality	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
Stage 1 loan volume under IFRS 9 (in HUF million)	3,031,069	3,550,841	3,668,191	3,728,467	2%	23%	5%
Stage 1 loans under IFRS 9/gross customer loans	89.6%	91.4%	88.8%	88.4%	-0.5%p	-1.2%p	-3.1%p
Own coverage of Stage 1 loans under IFRS 9	0.7%	0.8%	1.1%	1.1%	0.0%p	0.4%p	0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	172,668	163,954	289,712	321,953	11%	86%	96%
Stage 2 loans under IFRS 9/gross customer loans	5.1%	4.2%	7.0%	7.6%	0.6%p	2.5%p	3.4%p
Own coverage of Stage 2 loans under IFRS 9	9.4%	12.4%	12.4%	15.2%	2.8%p	5.8%p	2.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	178,732	168,618	170,960	167,999	-1.7%	-6.0%	-0.4%
Stage 3 loans under IFRS 9/gross customer loans	5.3%	4.3%	4.1%	4.0%	-0.2%p	-1.3%p	-0.4%p
Own coverage of Stage 3 loans under IFRS 9	57.3%	55.4%	54.7%	58.0%	3.3%p	0.7%p	2.7%p
90+ days past due loan volume (in HUF million)	134,527	123,895	126,593	121,931	-4%	-9%	-1.6%
90+ days past due loans/gross customer loans	4.0%	3.2%	3.1%	2.9%	-0.2%p	-1.1%p	-0.3%p
Market Share	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
Loans	20.6%	22.2%	21.9%	22.2%	0.3%p	1.6%p	0.0%p
Deposits	26.1%	27.7%	27.7%	26.9%	-0.8%p	0.8%p	-0.8%p
Total Assets	27.6%	28.8%	27.8%	26.8%	-1.0%p	-0.8%p	-1.9%p
Performance Indicators	2Q 2019	4Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y	YTD
Net loans to (deposits + retail bonds) (FX adjusted)	52%	55%	57%	57%	0%p	4%p	1%p
Leverage (closing Shareholder's Equity/Total Assets)	18.4%	17.8%	16.0%	16.5%	0.5%p	-1.9%p	-1.3%p
Leverage (closing Total Assets/Shareholder's Equity)	5.4x	5.6x	6.3x	6.1x	-0.2x	0.6x	0.5x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	26.1%	27.6%	26.5%	26.3%	-0.2%p	0.2%p	-1.3%p
Common Equity Tier 1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	24.2%	23.6%	22.3%	22.1%	-0.2%p	-2.1%p	-1.5%p

- ***In the first half-year OTP Core's adjusted after-tax profit fell by 44%, largely because of higher risk costs. The 2Q profit more than doubled q-o-q***
- ***All components of the semi-annual total income margin contracted (-50 bps y-o-y). The slight q-o-q improvement was supported by one-off items***
- ***The strong new loan disbursement in 1Q was followed by significant drop in the case of many products in 2Q, but performing loan volumes grew by 2% q-o-q (+8% ytd, +24% y-o-y)***
- ***Deposits grew by 4% ytd (FX-adjusted); the liquidity and capital position of the Bank remained strong***

Starting from 1Q 2020, OTP eBIZ Ltd became part of OTP Core. It reported HUF 0.4 billion loss in full-year 2019.

Starting from 1Q 2020, the accounting method of the termination of swap contracts has changed. Upon the termination of swap deals, until the end of 2019, the FVA booked within other income was shifted to the net interest income line. From 1Q 2020 this shift does not occur. In the case of OTP Core, the intra-group swaps with DSK Bank were typically terminated. In 2019 the other income of OTP Core was boosted, whereas the net interest income was reduced by the above accounting method (ceteris paribus).

P&L developments

In the first half of 2020 **OTP Core**'s adjusted after-tax profit amounted to HUF 54.7 billion (-44% y-o-y). The main reason for this fall was the higher risk costs, while operating profit grew by 4% in the first half-year. In 2Q the adjusted after-tax profit jumped to HUF 37.8 billion, largely driven by a significant q-o-q drop in risk cost, and partly because of one-off items that improved the q-o-q dynamics of net fees and commissions and other income.

In the first half-year total risk cost amounted to -HUF 26.3 billion, of which -HUF 4.7 billion was recorded in 2Q. The credit risk cost ratio amounted to 1.0% of average gross loans in 1H 2020. The main reasons for the y-o-y jump in cumulated other risk costs (-HUF 7 billion) were the extra provisioning in 1Q due to the revision of risk model parameters, as well as the provisions for contingent liabilities toward companies.

Regarding loan quality trends, new defaults did not increase: the volume of 90+ days past due (DPD90+) loans grew by HUF 3 billion (FX-adjusted, without sales/write-offs) in 1Q, but in 2Q they contracted by HUF 3.5 billion. Continuing a declining trend, the DPD90+ ratio dropped by 0.2 pp q-o-q to 2.9%. The ratio of Stage 3 loans also remained on a downward trajectory (4.0%, -0.2 pp q-o-q). However, the ratio of Stage 2 loans grew by 3.4 pps to 7.6% in the first six months, mainly because the Bank reclassified certain corporate exposures that are the most susceptible to the pandemic's effects into Stage 2 category; this reclassification happened mostly in 1Q. The own provision coverage of both Stage 2 and Stage 3 loans improved significantly in the first half-year.

Operating profit grew by 4% y-o-y in the first half-year, within that the net interest income jumped by 7%, largely driven by the dynamic organic growth of loans; the net interest margin, on the other hand, shrank by 27 bps y-o-y. In q-o-q comparison the 2Q net interest income rose by 1%, partly because of the continued expansion of retail loan volumes.

In 2Q the net interest margin was 6 bps lower than in the previous quarter, partly because of declining average interest rates on retail loans (particularly those of mortgage and consumer loans) as the regulator capped interest rates on newly disbursed, non-mortgage-backed consumer loans effective from 19 March. Another reason for the margin decline was the increase in average funding costs, in part because of the higher cost of repo funding from the national bank.

Short-term interbank rates, which are the benchmarks for floating-rate loans, rose during the reporting period: the 3M BUBOR was at 16 bps at end-2019, at 46 bps at the end of 1Q, and at 74 bps at the end of 2Q. Its average value over the second quarter grew by 56 bps to 97 bps. Due to the time required for the repricing of floating-rate assets, this did not materially affect net interest income in the first quarter yet, but had a benign effect in 2Q.

Net fees and commissions increased by 3% y-o-y overall in the first half-year: the 15% y-o-y increase in 1Q was followed by a 7% y-o-y decline in 2Q, which was consistent with 1% q-o-q growth. However, one-off items[5] improved the q-o-q development by nearly HUF 4.1 billion (total one-offs in the first quarter: -HUF 2.9 billion, second quarter: +HUF 1.2 billion). Thus, net fees without one-off items fell by more than 10% q-o-q; within that, commissions from securities

[5] One-off items in 1Q 2020: the financial transaction tax on card transactions had to be paid in a lump-sum in the first quarter for the whole year, based on the annual volume of previous year's transactions (-HUF 1.7 billion). Second, this year's payment to the Compensation Fund (-HUF 1.2 billion) was recognized in 1Q, in accordance with IFRS standards. The actual payments can be deducted from the nominal amount of banking tax or financial transaction tax or corporate tax at the time of the payment. Due to the deductibility, in the adjusted P&L structure both the contributions into the Compensation Fund and the deductions themselves are presented within the financial transaction tax.
One-off item in 2Q 2020: HUF 1.2 billion deduction from taxes, owing to the payment into the Compensation Fund.
One-off items in 1Q 2019: the financial transaction tax on card transactions (-HUF 1.6 billion), contribution to the Compensation Fund (-HUF 1.2 billion).
One-off item in 2Q 2019: HUF 0.6 billion deduction from taxes, owing to the payment into the Compensation Fund.

showed a sharp drop because the q-o-q decline in the average volume of households' holding of government bonds in the second quarter had an adverse effect on commission income. Commissions on deposits, transactions, and cards have also dropped q-o-q.

The 1H other net non-interest income (without one-off items) remained stable y-o-y. This line was adversely affected by the drop in the gain on securities in 1Q, and because starting from 1Q 2020 the recoveries from the claims that OTP Faktoring had bought from non-Group-members was recognized within risk costs, rather than on the other income line. In 2Q the other income benefited from the fact that, following the revision of Visa Inc.'s class C shares' accounting classification, the equivalent of HUF 2.8 billion positive amount was recognised on this line (for details, see the Executive Summary). This latter item is the main reason for the HUF 3.2 billion q-o-q jump in other income in the second quarter.

Semi-annual operating expenses grew by 6%, as a combined effect of an increase in depreciation and personnel costs, a rise in hardware and office equipment expenses, as well as the HUF 2.15 billion extra cost that emerged in 1H due to pandemic prevention and OTP Bank's donations. Over the first half-year, the average number of employees grew by 3% y-o-y (it remained stable q-o-q in the second quarter). Operating expenses dropped by 1% q-o-q in the second quarter.

Balance sheet trends

In the first six months of 2020 the balance sheet total grew by 7% (+HUF 639 billion), predominantly owing to a rise in customer deposits, and partly because liabilities to credit institutions (+HUF 206 billion ytd) increased as the repo volumes previously presented on the deposits from medium and large corporates line picked up from zero level at the end of 2019, and was shifted to this line starting from 2020.

Gross loans and performing (Stage 1+2) loans grew at broadly similar paces, by nearly one-fourth y-o-y (FX-adjusted) over the past 12 months. This outstanding dynamics owes a lot to the performing consumer loan portfolio, which has almost doubled (+97% y-o-y).

In the January-June period performing loans grew by an FX-adjusted 8%, including a 5% q-o-q rise in 1Q, and a 2% increase in 2Q. As to new loan disbursements, the first-quarter figures overall did not yet reflect the negative fallout from the pandemic, but newly granted loan volumes in the case of most retail loan products fell in the second quarter. Outstanding loan volumes were supported in the second quarter by the fac that there was no principal amortization in the case of loans subject to the debt repayment moratorium, and deferred interests are capitalized (the regulation prohibits charging interest on unpaid interest).

As to individual loan products, demand for subsidized 'baby loans' remained strong: their contractual amount at OTP Bank reached HUF 132 billion in 1H (1Q: 72, 2Q: 59).

In the case of market-based cash loans, new placements declined by 37% y-o-y in 1H. New cash loan disbursements declined after 19 March 2020, when the annual percentage rate (APR) on newly disbursed loans to consumers that are not collateralized by a mortgage was capped; as a result, the amount disbursed in 2Q fell by 59% q-o-q. OTP Bank's market share in cash loan disbursements was at 38.3% in 1Q 2020 and 35.0% in 2Q. Performing cash loan volumes grew at a slowing pace, by 19% y-o-y and by 5% q-o-q, despite the drop in new disbursement, largely driven by the decline in amortization owing to the moratorium.

In the second quarter the performing mortgage loans rose by 3% q-o-q, and surged 10% y-o-y. Within that, housing loans, which make up 84% of total mortgages, grew by 15% y-o-y (+4% q-o-q); the mortgage-backed consumer loan (home equity) portfolio kept on shrinking (-9% y-o-y).

In the first half of 2020 new mortgage disbursements expanded by 27% y-o-y, mainly due to the increased demand for subsidized loans as the Housing Subsidy for Families scheme (CSOK) was extended from July 2019. OTP Bank traditionally has a strong market share in this subsidized loan segment. Remarkably, mortgage disbursements could increase (+3% q-o-q) in the second quarter, while applications dropped by 13% from the level seen in 1Q.

OTP's market share in contractual amounts of new mortgage loans reached 32.8% in 1Q 2020 and 33.4% in 2Q (vs. 31.4% in full-year 2019).

Following the strong dynamics of recent years and of the first quarter of 2020 (+5% q-o-q), performing corporate loans dropped by 1% q-o-q in 2Q 2020, but the yearly double-digit rate persisted (+16% y-o-y).

Encouragingly, the expansion of performing loans to micro and small enterprises continued in the second quarter: they grew by 3% over the quarter, and by more than 10% in the first six months of the year. This outstanding dynamic was partly attributable to the National Bank of Hungary's Funding for Growth Scheme. The Funding for Growth Scheme Fix (*FGS Fix*) programme, launched in 2019, was replaced by the *FGS Go!* phase in 2Q 2020, with extended available funding and a wider array of possible loan purposes. The *FGS Go!* facility has been available at OTP Bank since the end of April 2020. OTP's cumulated contracted amounts under the *FGS Fix* and *Go!* programmes have exceeded HUF 82 billion since the launch of the *FGS Fix* scheme, of which the contractual year-to-date amount for *FGS Go!* reached HUF 42 billion.

In the first six month the average share of subsidiary investment within the balance sheet total on the assets side of OTP Core increased by 1.9 pps y-o-y to 13.7%, in a decisive contribution to boosting the share of non-interest-bearing assets in the balance sheet. In the second quarter the quarterly average share of non-interest-bearing assets dropped by 0.4 pp q-o-q.

OTP Core's deposit base rose by 2% q-o-q and 13% y-o-y (FX-adjusted). Retail deposits kept on growing (+3% q-o-q in 1Q 2020, and +6% q-o-q in 2Q). Deposits from medium and large corporations grew by 5% q-o-q, while deposits from municipalities sank by 23% due to seasonality.

The net loan to (deposit + retail bond) ratio remained stable at 57% q-o-q but rose by 6 pps y-o-y (FX-adjusted). Still, its absolute level remained low.

At the end of June 2020, OTP Bank's capital adequacy ratio (CAR) stood at 26.3%, and its CET1=Tier1 ratio was at 22.1%. The Bank's regulatory capital at the end of June does not include the reporting period's profit, owing to the lack of permission from the supervisory authority.

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,741	1,641	-6%	740	107	1,534		107%
Income tax	-156	-109	-30%	-95	-19	-90	376%	-5%
Profit before income tax	1,897	1,750	-8%	835	126	1,625		95%
Operating profit	1,897	1,750	-8%	835	126	1,625		95%
Total income	3,131	3,370	8%	1,484	977	2,393	145%	61%
Net interest income	0	0	-59%	0	0	0	82%	-71%
Net fees and commissions	2,784	3,734	34%	1,381	1,756	1,978	13%	43%
Other net non-interest income	347	-364	-205%	103	-779	415	-153%	302%
Operating expenses	-1,235	-1,620	31%	-649	-851	-769	-10%	18%
Other provision	0	0		0	0	0		
Main components of balance sheet closing balances in HUF mn	2019	1H 2020	YTD	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Total assets	33,688	25,872	-23%	20,278	33,733	25,872	-23%	28%
Total shareholders' equity	24,828	17,402	-30%	11,435	24,935	17,402	-30%	52%
Asset under management in HUF bn	2019	1H 2020	YTD	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Assets under management, total (w/o duplicates)[1]	**1,119**	**1,041**	**-7%**	**1,029**	**979**	**1,041**	**6%**	**1%**
Volume of investment funds (closing, w/o duplicates)	793	704	-11%	723	668	704	5%	-3%
Volume of managed assets (closing)	326	337	3%	306	311	337	8%	10%
Volume of investment funds (closing, with duplicates)[2]	**1,073**	**996**	**-7%**	**972**	**946**	**996**	**5%**	**2%**
bond	315	322	2%	299	329	322	-2%	7%
security	188	190	1%	169	154	190	24%	13%
mixed	73	92	26%	54	82	92	12%	70%
guaranteed	28	23	-18%	32	25	23	-9%	-29%
money market	6	5	-14%	7	5	5	-5%	-31%
other[3]	464	365	-21%	411	351	365	4%	-11%

[1] The cumulative net asset value of investment funds and managed assets of OTP Fund Management, eliminating the volume of own investment funds (duplications) being managed in other investment funds and managed assets of OTP Fund Management.
[2] The cumulative net asset value of investment funds with duplications managed by OTP Fund Management.
[3] Other funds: absolute return, derivative and commodity market funds.

In 1H 2020, **OTP Fund Management** generated HUF 1.6 billion profit, 6% less than in the same period of 2019. Out of 1H 2020 profit HUF 1.5 billion was generated in 2Q.

Net fees and commissions expanded by 34% y-o-y in 1H 2020, supported by partially the methodology change in the calculation of distribution fees and as the net asset value of funds with higher fees that grew stronger. The y-o-y fall in other non-interest income is mostly linked to the negative fair value adjustment of investment units owned in 1Q 2020, a part of which reversed in 2Q, as capital markets bounced back.

The 31% y-o-y increase in operating expenses stemmed largely from higher personnel costs. The growth in hardware and office equipment expenditure drove administrative expenses higher.

Following the slump in stock prices and divestment in Hungary's investment fund market in 1Q, a more consolidated market environment characterized the second quarter. Capital flows and yields augmented the volume of the funds managed by OTP Fund Management by 5% q-o-q, yet it shrank by 7% compared with the end of 2019. The volume of security funds within the portfolio surged 24% q-o-q in the second quarter, thanks to the yields earned as stock prices returned to previous levels and owing to positive capital flow, thus their volumes practically returned in 2Q to end-2019 levels. Despite the divestment, bond funds' size expanded by 2% year to date, due to their impressive yields.

The Company's markets share rose by 0.4 pp y-o-y, to 23.0% by end-June 2020, thus preserving its leadership in the securities funds market.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,297	2,689	-18%	1,570	1,775	914	-49%	-42%
Income tax	-201	-238	18%	-201	-174	-63	-64%	-69%
Profit before income tax	3,498	2,927	-16%	1,771	1,950	977	-50%	-45%
Operating profit	3,484	4,667	34%	1,599	2,246	2,421	8%	51%
Total income	6,892	10,125	47%	3,446	4,928	5,197	5%	51%
Net interest income	6,833	8,578	26%	3,368	4,167	4,412	6%	31%
Net fees and commissions	-87	-9	-90%	-27	-14	5	-136%	-118%
Other net non-interest income	146	1,555	964%	106	775	781	1%	636%
Operating expenses	-3,408	-5,458	60%	-1,848	-2,681	-2,776	4%	50%
Total provisions	14	-1,740		172	-296	-1,444	387%	-938%
Provision for impairment on loan and placement losses	-111	-1,461		134	-283	-1,178	316%	-980%
Other provision	126	-279	-322%	38	-13	-266		-793%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	491,399	624,012	27%	456,071	537,808	624,012	16%	37%
Gross customer loans	366,064	385,093	5%	348,853	377,358	385,093	2%	10%
Gross customer loans (FX-adjusted)	368,050	385,093	5%	351,293	377,178	385,093	2%	10%
Retail loans	30,458	56,004	84%	30,532	53,211	56,004	5%	83%
Corporate loans	128,144	110,028	-14%	120,608	106,138	110,028	4%	-9%
Car financing loans	209,448	219,061	5%	200,154	217,829	219,061	1%	9%
Allowances for possible loan losses	-10,072	-12,924	28%	-12,414	-11,754	-12,924	10%	4%
Allowances for possible loan losses (FX-adjusted)	-10,127	-12,924	28%	-12,445	-11,749	-12,924	10%	4%
Deposits from customers	10,414	9,653	-7%	13,519	9,876	9,653	-2%	-29%
Deposits from customer (FX-adjusted)	10,414	9,653	-7%	13,519	9,876	9,653	-2%	-29%
Retail deposits	8,051	6,808	-15%	10,064	7,156	6,808	-5%	-32%
Corporate deposits	2,364	2,844	20%	3,455	2,721	2,845	5%	-18%
Liabilities to credit institutions	420,076	548,263	31%	389,424	464,622	548,263	18%	41%
Total shareholders' equity	44,441	47,702	7%	40,640	46,065	47,702	4%	17%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	325,013	343,931	6%	325,013	336,795	343,931	2%	6%
Stage 1 loans under IFRS 9/gross customer loans	93.2%	89.3%	-3.9%p	93.2%	89.3%	89.3%	0.1%p	-3.9%p
Own coverage of Stage 1 loans under IFRS 9	0.6%	0.4%	-0.2%p	0.6%	0.5%	0.4%	0.0%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	11,093	24,769	123%	11,093	25,404	24,769	-2%	123%
Stage 2 loans under IFRS 9/gross customer loans	3.2%	6.4%	3.3%p	3.2%	6.7%	6.4%	-0.3%p	3.3%p
Own coverage of Stage 2 loans under IFRS 9	4.8%	6.0%	1.2%p	4.8%	3.0%	6.0%	3.1%p	1.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	12,747	16,392	29%	12,747	15,160	16,392	8%	29%
Stage 3 loans under IFRS 9/gross customer loans	3.7%	4.3%	0.6%p	3.7%	4.0%	4.3%	0.2%p	0.6%p
Own coverage of Stage 3 loans under IFRS 9	77.9%	60.6%	-17.3%p	77.9%	61.9%	60.6%	-1.3%p	-17.3%p
Provision for impairment on loan and placement losses/average gross loans	0.07%	0.77%	0.70%p	-0.16%	0.30%	1.25%	0.95%p	1.40%p
90+ days past due loan volume (in HUF million)	9,253	9,750	5%	9,253	9,147	9,750	7%	5%
90+ days past due loans/gross customer loans	2.7%	2.5%	-0.1%p	2.7%	2.4%	2.5%	0.1%p	-0.1%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.6%	1.0%	-0.6%p	1.4%	1.3%	0.6%	-0.7%p	-0.8%p
ROE	17.1%	11.5%	-5.5%p	15.9%	15.4%	7.8%	-7.6%p	-8.1%p
Total income margin	3.30%	3.65%	0.35%p	3.16%	3.71%	3.60%	-0.11%p	0.44%p
Net interest margin	3.27%	3.09%	-0.18%p	3.09%	3.13%	3.05%	-0.08%p	-0.03%p
Cost/income ratio	49.5%	53.9%	4.5%p	53.6%	54.4%	53.4%	-1.0%p	-0.2%p

The 2020 columns in the table display the semi-consolidated performance of Merkantil Group, whose members are: Merkantil Bank Ltd., Merkantil Bérlet Ltd., NIMO 2002 Ltd., SPLC-P Ingatlanfejlesztő, Ingatlanhasznosító Ltd., SPLC Vagyonkezelő Ltd., and OTP Ingatlanlízing Ltd. In the 2019 base periods, the performance of Merkantil Bank Ltd. was presented.

In the first half-year of 2020, **Merkantil Group** generated HUF 2.7 billion adjusted after-tax profit (-18% y-o-y), including Merkantil Bank's HUF 2.5 billion contribution. Given that the Group's 1H operating profit improved by 34% y-o-y, the lower profit is a result of a jump in risk costs. The Group's six-month ROE ratio was 11.5%.

The main reason for the y-o-y increase in the revenue and expense lines is that, starting from 1Q 2020, the figures reflect the performance of the entire Hungarian leasing group. Merkantil Bank's individual net interest income rose by 3% y-o-y, and its operating expenses fell 3%.

Net interest margin in 2Q shrank by 8 basis points q-o-q. The drop in the margin over the half-year can be put down to the change in the companies presented; Merkantil Bank's individual net interest margin sank by 41 basis points y-o-y in the January-June period.

The ratio of Stage 2 loans declined by 0.3 pp q-o-q in the second quarter, and their own provision coverage stood at 6.0% (+3.1 pps q-o-q). Stage 3 loans made up 4.3% of gross loans (+0.6 pp y-o-y, +0.2 pp q-o-q), and their own provision coverage was 60.6%.

In the second quarter, 90+ days past due loan volumes rose but their ratio remained stable (2.5% at the end of 2Q, +0.1 pp q-o-q). DPD90+ volumes grew by HUF 0.6 billion, adjusted for FX and sales/write-offs (they increased by HUF 0.9 billion in 1H 2020).

FX-adjusted performing (Stage 1+2) loans increased by 8% y-o-y; their volume rose by 2% in q-o-q comparison. New loan disbursements decreased by 6% q-o-q in 2Q, including a 23% slump in car financing, while financing of production equipment and machinery surged 46%.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

In the following parts of the report the after-tax profit of the foreign subsidiaries is presented without any received dividends and net cash transfers, and without other adjustment items in the case of certain foreign subsidiaries. The structural adjustments on the lines of subsidiaries' Statements of recognised income as well as description of calculation methods of performance indices can be found in the Supplementary data annex.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	34,228	21,536	-37%	16,630	4,411	17,125	288%	3%
Income tax	-4,478	-1,860	-58%	-2,287	-323	-1,538	377%	-33%
Profit before income tax	38,707	23,396	-40%	18,917	4,733	18,662	294%	-1%
Operating profit	41,803	43,274	4%	21,400	21,648	21,626	0%	1%
Total income	76,194	80,048	5%	38,878	39,668	40,379	2%	4%
Net interest income	51,934	55,046	6%	26,352	27,938	27,108	-3%	3%
Net fees and commissions	20,323	21,200	4%	10,615	10,443	10,757	3%	1%
Other net non-interest income	3,937	3,801	-3%	1,912	1,287	2,514	95%	31%
Operating expenses	-34,391	-36,773	7%	-17,479	-18,020	-18,753	4%	7%
Total provisions	-3,096	-19,878	542%	-2,483	-16,915	-2,964	-82%	19%
Provision for impairment on loan and placement losses	-3,254	-19,967	514%	-2,686	-16,976	-2,991	-82%	11%
Other provision	158	89	-44%	203	61	28	-55%	-86%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	3,669,766	4,036,516	10%	3,636,866	4,107,979	4,036,516	-2%	11%
Gross customer loans	2,350,694	2,500,852	6%	2,222,326	2,557,927	2,500,852	-2%	13%
Gross customer loans (FX-adjusted)	2,535,870	2,500,853	-1%	2,449,265	2,539,761	2,500,853	-2%	2%
Retail loans	1,559,938	1,556,815	0%	1,514,077	1,574,001	1,556,815	-1%	3%
Corporate loans	931,347	901,060	-3%	919,736	921,781	901,060	-2%	-2%
Car financing loans	44,584	42,979	-4%	15,453	43,978	42,979	-2%	178%
Allowances for possible loan losses	-135,640	-168,661	24%	-127,714	-161,196	-168,661	5%	32%
Allowances for possible loan losses (FX-adjusted)	-146,325	-168,661	15%	-140,749	-160,058	-168,661	5%	20%
Deposits from customers	3,015,805	3,326,208	10%	2,828,813	3,336,858	3,326,208	0%	18%
Deposits from customers (FX-adjusted)	3,251,662	3,326,209	2%	3,119,760	3,308,468	3,326,209	1%	7%
Retail deposits	2,725,870	2,770,167	2%	2,582,155	2,745,162	2,770,167	1%	7%
Corporate deposits	525,793	556,042	6%	537,605	563,306	556,042	-1%	3%
Liabilities to credit institutions	59,867	55,643	-7%	242,772	108,343	55,643	-49%	-77%
Total shareholders' equity	528,759	586,879	11%	491,192	571,388	586,879	3%	19%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,946,078	2,066,140	6%	1,946,078	2,134,883	2,066,140	-3%	6%
Stage 1 loans under IFRS 9/gross customer loans	87.6%	82.6%	-5.0%p	87.6%	83.5%	82.6%	-0.8%p	-5.7%p
Own coverage of Stage 1 loans under IFRS 9	1.1%	1.1%	0.0%p	1.1%	0.9%	1.1%	0.2%p	4.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)	106,931	231,184	116%	106,931	239,059	231,184	-3%	116%
Stage 2 loans under IFRS 9/gross customer loans	4.8%	9.2%	4.4%p	4.8%	9.3%	9.2%	-0.1%p	4.4%p
Own coverage of Stage 2 loans under IFRS 9	9.9%	9.6%	-0.3%p	9.9%	11.1%	9.6%	-1.5%p	-0.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	169,317	203,528	20%	169,317	183,985	203,528	11%	20%
Stage 3 loans under IFRS 9/gross customer loans	7.6%	8.1%	0.5%p	7.6%	7.2%	8.1%	0.9%p	0.5%p
Own coverage of Stage 3 loans under IFRS 9	56.7%	60.5%	3.8%p	56.7%	62.9%	60.5%	-2.4%p	6.6%p
Provision for impairment on loan and placement losses/average gross loans	0.31%	1.63%	1.33%p	0.49%	2.82%	0.48%	-2.33%p	-0.01%p
90+ days past due loan volume (in HUF million)	101,390	136,434	35%	101,390	124,093	136,434	10%	35%
90+ days past due loans/gross customer loans	4.6%	5.5%	0.9%p	4.6%	4.9%	5.5%	0.6%p	0.9%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	2.0%	1.1%	-0.9%p	1.8%	0.5%	1.7%	1.3%p	-0.1%p
ROE	14.4%	7.7%	-6.7%p	13.8%	3.2%	12.1%	8.9%p	-1.7%p
Total income margin	4.38%	4.10%	-0.28%p	4.28%	4.14%	4.06%	-0.08%p	-0.22%p
Net interest margin	2.98%	2.82%	-0.17%p	2.90%	2.91%	2.72%	-0.19%p	-0.18%p
Cost/income ratio	45.1%	45.9%	0.8%p	45.0%	45.4%	46.4%	1.0%p	1.5%p
Net loans to deposits (FX-adjusted)	74%	70%	-4%p	74%	72%	70%	-2%p	-4%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/BGN (closing)	165.4	182.3	10%	165.4	183.6	182.3	-1%	10%
HUF/BGN (average)	163.9	176.5	8%	165.2	173.4	179.7	4%	9%

Note: in order to use harmonized annualization parameters accross the Group members starting from 2020, performance indicators of DSK Group in the case of which the formula includes annualization in the numerator have been retroactively amended for the 1Q 2020 period. Changes are not significant: the originally reported 1Q net interest margin was 2.90%, which has been revised to 2.91%. 2019 indicators haven't been changed.

- ***Half-year profit in Bulgaria amounted to HUF 21.5 billion (-37% y-o-y), of which HUF 17.1 billion was generated in 2Q***
- ***Expressbank's integration was successfully completed at the beginning of May 2020. The number of branches fell 18% y-o-y, the headcount declined by 8%***
- ***Market leading position, stable operation with CAR at 20.7% (DSK Bank) and net loan/deposit ratio at 70%***

The P&L of the Bulgarian operation was adjusted for the one-off items directly related to the Expressbank acquisition; these corrections are presented at consolidated level among adjustment items. The balance sheet items were not adjusted for these effects.

In the first half-year of 2020, **DSK Group** generated HUF 21.5 billion after-tax profit, 37% less than a year earlier. In the second quarter its profit amounted to HUF 17.1 bn, which is consistent with 3% y-o-y rise.

The integration of Expressbank was successfully completed at the beginning of May. Certain cost synergies were extracted already during the integration, and this continued in 2Q. The number of branches in Bulgaria fell by 84 units or 18% y-o-y, of which 57 units were closed in the second quarter. Headcount decreased by 515 people (-8%) y-o-y, of which 345 in 2Q. Semi-annual operating expenses declined by 1% in local currency terms. Most of the extra costs of working from home (hardware and other) were recognized in the second quarter.

At the end of June 2020 DSK Bank's capital adequacy ratio under local regulation stood at 20.7%. DSK Bank does not pay dividend to OTP Bank from its 2019 profit, in accordance with the Bulgarian National Bank's recommendation.

The Bulgarian operation's liquidity position remained stable. The net loan to deposit ratio stood at 70% at the end of June. Deposit volumes grew by an FX-adjusted 2% q-o-q in the first quarter, by 1% in 2Q, and expanded by a cumulated 7% over the past 12 months.

Regarding lending activity, performing (Stage 1+2) loans grew by an FX-adjusted 2% y-o-y, but shrank 3% q-o-q. In the first half-year mortgage loan disbursements lagged 6% y-o-y behind the corresponding period of last year, including a 32% drop in 2Q. Cash loan disbursements in 1H 2020 shrank by one-fifth, and halved in 2Q q-o-q (in local currency terms).

The half-year operating profit in Bulgaria grew by 4% in HUF terms (but declined by the same magnitude in BGN). Within total income, the half-year net interest income declined by 2% in local currency terms, as a result of narrowing margins (-17 bps y-o-y). In the second quarter the net interest income in local currency fell by 7% q-o-q, or by BGN 12 million. In 2Q a regulatory change reduced the q-o-q dynamics of net interest income by BGN 6 million (or HUF 1 billion): during the state of emergency, between 13 March and 14 May, banks were prohibited from charging penalty interest, and the amount recognized in the 1Q financial statements for the second half of March was reversed in 2Q. This effect by itself led to nearly 10 bps q-o-q erosion in the net interest margin, thus it explained more than half of the q-o-q 19 bps decline in the margin. In the second quarter the swap result did not cause significant volatility in the q-o-q development of net interest income.

In the first half-year, net fees and commissions dropped by 4% in BGN terms, mostly owing to the declining economic and business activity in the second quarter.

In 2Q the other income benefited from the fact that, following the revision of Visa Inc.'s class C shares' accounting classification, the equivalent of HUF 0.7 billion positive amount was recognised on this line (for details, see the Executive Summary).

In the first half-year, total risk cost amounted to -HUF 19.9 billion. The elevated 1Q number (-HUF 16.9 billion) can be put down to the extra provisioning in response to the pandemic. The total risk cost was -HUF 3 billion in the second quarter. The six-month credit risk cost ratio exceeded 1.6% of the average gross loan volumes.

Loan quality deteriorated in 2Q: the 90+ days past due loan volumes grew by an FX-adjusted HUF 8 billion in full-year 2019, without sales/write-offs, and increased by HUF 5 billion in 1Q 2020, but jumped by HUF 10 billion in 2Q. In the first half-year, HUF 1 billion worth of bad loans were sold/written off.

The ratio of Stage 3 loans rose by 0.9 pp q-o-q to 8.1%; their own provision coverage sank by 2.4 pps q-o-q. The Stage 2 ratio was stable in 2Q, after the jump in 1Q owing to a proactive reclassification of the corporate portfolios that are deemed the most vulnerable to the pandemic.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	17,421	9,926	-43%	8,649	2,646	7,280	175%	-16%
Income tax	-3,856	-1,987	-48%	-1,881	-449	-1,538	242%	-18%
Profit before income tax	21,277	11,914	-44%	10,530	3,095	8,818	185%	-16%
Operating profit	20,604	18,324	-11%	10,296	8,524	9,800	15%	-5%
Total income	41,484	40,445	-3%	21,054	19,394	21,051	9%	0%
Net interest income	28,221	29,076	3%	14,124	14,769	14,307	-3%	1%
Net fees and commissions	8,275	7,455	-10%	4,264	3,852	3,603	-6%	-16%
Other net non-interest income	4,988	3,914	-22%	2,666	773	3,141	306%	18%
Operating expenses	-20,880	-22,121	6%	-10,758	-10,870	-11,251	4%	5%
Total provisions	673	-6,410		234	-5,429	-981	-82%	-520%
Provision for impairment on loan and placement losses	1,029	-6,770	-758%	603	-5,731	-1,038	-82%	-272%
Other provision	-356	359	-201%	-369	302	57	-81%	-115%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	2,098,951	2,152,241	3%	1,947,320	2,200,763	2,152,241	-2%	11%
Gross customer loans	1,370,057	1,567,657	14%	1,307,543	1,546,194	1,567,657	1%	20%
Gross customer loans (FX-adjusted)	1,467,348	1,567,657	7%	1,427,592	1,539,993	1,567,657	2%	10%
Retail loans	792,459	801,518	1%	760,222	809,259	801,518	-1%	5%
Corporate loans	603,353	698,786	16%	592,291	660,334	698,786	6%	18%
Car financing loans	71,400	67,353	-6%	74,897	70,401	67,353	-4%	-10%
Allowances for possible loan losses	-68,701	-84,569	23%	-66,911	-80,174	-84,569	5%	26%
Allowances for possible loan losses (FX-adjusted)	-73,407	-84,569	15%	-72,744	-79,933	-84,569	6%	16%
Deposits from customers	1,478,223	1,560,698	6%	1,368,400	1,584,625	1,560,698	-2%	14%
Deposits from customers (FX-adjusted)	1,581,786	1,560,698	-1%	1,494,602	1,577,093	1,560,698	-1%	4%
Retail deposits	1,191,723	1,172,620	-2%	1,142,240	1,166,067	1,172,620	1%	3%
Corporate deposits	390,063	388,078	-1%	352,362	411,027	388,078	-6%	10%
Liabilities to credit institutions	253,176	194,586	-23%	232,995	230,679	194,586	-16%	-16%
Total shareholders' equity	292,649	313,829	7%	277,247	307,882	313,829	2%	13%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,144,240	1,276,262	12%	1,144,240	1,242,062	1,276,262	3%	12%
Stage 1 loans under IFRS 9/gross customer loans	87.5%	81.4%	-6.1%p	87.5%	80.3%	81.4%	1.1%p	-6.1%p
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.8%	0.0%p	0.8%	1.0%	0.8%	-0.2%p	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)	78,586	193,322	146%	78,586	211,395	193,322	-9%	146%
Stage 2 loans under IFRS 9/gross customer loans	6.0%	12.3%	6.3%p	6.0%	13.7%	12.3%	-1.3%p	6.3%p
Own coverage of Stage 2 loans under IFRS 9	4.1%	5.0%	0.9%p	4.1%	3.6%	5.0%	1.4%p	0.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	84,717	98,074	16%	84,717	92,739	98,074	6%	16%
Stage 3 loans under IFRS 9/gross customer loans	6.5%	6.3%	-0.2%p	6.5%	6.0%	6.3%	0.3%p	-0.2%p
Own coverage of Stage 3 loans under IFRS 9	64.2%	65.5%	1.3%p	64.2%	64.4%	65.5%	1.1%p	1.3%p
Provision for impairment on loan and placement losses/average gross loans	-0.16%	0.92%	1.08%p	-0.19%	1.61%	0.27%	-1.34%p	0.46%p
90+ days past due loan volume (in HUF million)	55,437	70,954	28%	55,437	55,999	70,954	27%	28%
90+ days past due loans/gross customer loans	4.2%	4.5%	0.3%p	4.2%	3.6%	4.5%	0.9%p	0.3%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.9%	0.9%	-0.9%p	1.8%	0.5%	1.4%	0.9%p	-0.4%p
ROE	12.9%	6.5%	-6.4%p	12.8%	3.5%	9.5%	6.0%p	-3.3%p
Total income margin	4.44%	3.81%	-0.63%p	4.43%	3.65%	3.98%	0.32%p	-0.46%p
Net interest margin	3.02%	2.74%	-0.28%p	2.97%	2.78%	2.70%	-0.08%p	-0.27%p
Cost/income ratio	50.3%	54.7%	4.4%p	51.1%	56.0%	53.4%	-2.6%p	2.4%p
Net loans to deposits (FX-adjusted)	91%	95%	4%p	91%	93%	95%	2%p	4%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/HRK (closing)	43.7	47.1	8%	43.7	47.1	47.1	0%	8%
HUF/HRK (average)	43.2	45.8	6%	43.6	45.3	46.4	2%	6%

- ***Half year profit of Croatian operation amounted to HUF 10 billion, parallel with moderating operating income (-11% y-o-y) and soaring risk cost***
- ***The coverage ratio of Stage 2 and Stage 3 loans nudged higher aligned with HUF 6.8 billion provisioning in 1H***
- ***The performing (Stage 1+2) loan volumes expanded further on FX-adjusted base, the net-loan-to-deposit ratio was at 95% at the end of June***

The Croatian operation generated HUF 9.9 billion profit in the first half of 2020, including HUF 7.3 billion in the second quarter.

In 1H 2020, the after-tax profit nearly halved in y-o-y terms, chiefly because of the jump in risk costs, which totalled HUF 6.8 billion.

In 1H, operating profit was 11% (in local currency: 16%) less than in the base period. Net interest margin (at 2.74%) sank by 28 bps y-o-y, while the cost/income ratio has increased (+4.4 pps y-o-y) and stood at 54.7% in 1H 2020. In the second quarter, operating profit grew by 15% q-o-q (+12% q-o-q in local currency), as total income surged 9%, surpassing the 4% rise in operating expenses. Within incomes, core banking income dropped q-o-q, as a result of a q-o-q drop in net interest margin, and partly due to a slump in business and economic activity (in local currency, net fees and commissions fell by more than 20% y-o-y in 2Q). In 2Q the other income benefited from the fact that, following the revision of Visa Inc.'s class C shares' accounting classification, the equivalent of HUF 1.5 billion positive amount was recognised on this line (for details, see the Executive Summary).

In view of the possible effects of the pandemic, HUF 6.4 billion risk cost was recorded against 1H 2020 profit, most of which provision was recognized in March. In 2Q 2020, credit risk cost ratio dropped in q-o-q terms.

Regarding loan quality, 90+ days past due loan volumes increased by HUF 12 billion in 2Q in FX-adjusted terms, without sales/write-offs (from HUF 1 billion in 1Q, and from HUF -2 billion in full-year 2009). Accordingly, the DPD90+ ratio rose by 0.9 pp q-o-q, to 4.5% by end-June. The ratio of Stage 3 loans increased by 0.3 pp q-o-q (to 6.3%). The ratio of Stage 2 loans grew by 6.3 pps y-o-y, to 12.3%, largely because corporate portfolios that are most exposed to the pandemic's economic fallout were reclassified in 1Q 2020 (but the ratio dropped by 1.3 pps q-o-q in 2Q). Risk cost provision in 1H led to a continued y-o-y increase in the own provision coverage of both Stage 2 and Stage 3 loans (+0.9 pps, and +1.3 pps).

The Croatian bank's liquidity position is stable. Net loan/deposit ratio rose by 4% pps y-o-y (FX-adjusted) to 95% by the end of June. In FX-adjusted terms, deposit volumes have stagnated year to date but expanded by 4% y-o-y.

Performing (Stage 1+2) loan volumes grew by 2% q-o-q, and by 10% y-o-y (both FX-adjusted). The disbursement volumes of mortgages and corporate loans have grown, while consumer loan disbursements have halved in year/year comparison (-76% q-o-q in 2Q).

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	2,991	3,661	22%	1,572	1,746	1,915	10%	22%
Income tax	137	-228	-266%	132	73	-302	-513%	-328%
Profit before income tax	2,853	3,889	36%	1,440	1,673	2,216	33%	54%
Operating profit	3,374	16,251	382%	1,717	8,374	7,877	-6%	359%
Total income	15,678	37,295	138%	7,958	18,911	18,384	-3%	131%
Net interest income	11,150	28,449	155%	5,616	14,383	14,066	-2%	150%
Net fees and commissions	3,806	6,851	80%	2,077	3,710	3,141	-15%	51%
Other net non-interest income	722	1,995	176%	265	818	1,177	44%	344%
Operating expenses	-12,304	-21,044	71%	-6,241	-10,537	-10,507	0%	68%
Total provisions	-521	-12,362		-277	-6,701	-5,661	-16%	
Provision for impairment on loan and placement losses	-387	-10,543		-137	-6,505	-4,038	-38%	
Other provision	-134	-1,819		-140	-196	-1,622	726%	
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	1,659,483	1,895,196	14%	613,188	1,830,048	1,895,196	4%	209%
Gross customer loans	1,199,580	1,383,334	15%	438,278	1,332,832	1,383,334	4%	216%
Gross customer loans (FX-adjusted)	1,293,951	1,383,334	7%	483,131	1,322,318	1,383,334	5%	186%
Retail loans	618,182	670,870	9%	218,480	634,479	670,870	6%	207%
Corporate loans	627,416	661,786	5%	245,107	639,136	661,786	4%	170%
Car financing loans	48,353	50,678	5%	19,544	48,703	50,678	4%	159%
Allowances for possible loan losses	-18,904	-31,763	68%	-15,088	-27,342	-31,763	16%	111%
Allowances for possible loan losses (FX-adjusted)	-20,392	-31,763	56%	-16,660	-27,104	-31,763	17%	91%
Deposits from customers	910,623	1,059,091	16%	351,885	992,714	1,059,091	7%	201%
Deposits from customers (FX-adjusted)	982,169	1,059,091	8%	388,198	983,823	1,059,091	8%	173%
Retail deposits	591,700	618,444	5%	285,654	592,321	618,444	4%	117%
Corporate deposits	390,469	440,647	13%	102,545	391,502	440,647	13%	330%
Liabilities to credit institutions	436,449	497,758	14%	156,356	497,002	497,758	0%	218%
Subordinated debt	24,460	26,521	8%	0	26,936	26,521	-2%	
Total shareholders' equity	249,461	266,566	7%	92,198	268,839	266,566	-1%	189%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	401,429	1,315,494	228%	401,429	1,201,746	1,315,494	9%	228%
Stage 1 loans under IFRS 9/gross customer loans	91.6%	95.1%	3.5%p	91.6%	90.2%	95.1%	4.9%p	3.5%p
Own coverage of Stage 1 loans under IFRS 9	0.3%	0.9%	0.5%p	0.3%	0.6%	0.9%	0.3%p	0.5%p
Stage 2 loan volume under IFRS 9 (in HUF million)	16,027	35,983	125%	16,027	99,059	35,983	-64%	125%
Stage 2 loans under IFRS 9/gross customer loans	3.7%	2.6%	-1.1%p	3.7%	7.4%	2.6%	-4.8%p	-1.1%p
Own coverage of Stage 2 loans under IFRS 9	2.7%	6.7%	4.0%p	2.7%	3.5%	6.7%	3.2%p	4.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	20,822	31,857	53%	20,822	32,026	31,857	-1%	53%
Stage 3 loans under IFRS 9/gross customer loans	4.8%	2.3%	-2.4%p	4.8%	2.4%	2.3%	-0.1%p	-2.4%p
Own coverage of Stage 3 loans under IFRS 9	63.8%	56.6%	-7.2%p	63.8%	51.7%	56.6%	4.8%p	-7.2%p
Provision for impairment on loan and placement losses/average gross loans	0.18%	1.65%	1.47%p	0.13%	2.11%	1.23%	-0.88%p	1.10%p
90+ days past due loan volume (in HUF million)	15,640	26,067	67%	15,640	22,762	26,067	15%	67%
90+ days past due loans/gross customer loans	3.6%	1.9%	-1.7%p	3.6%	1.7%	1.9%	0.2%p	-1.7%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.0%	0.4%	-0.6%p	1.0%	0.4%	0.4%	0.0%p	-0.6%p
ROE	6.8%	2.8%	-4.0%p	6.9%	2.7%	2.9%	0.2%p	-4.0%p
Total income margin	5.20%	4.24%	-0.96%p	5.22%	4.46%	4.04%	-0.41%p	-1.18%p
Net interest margin	3.70%	3.24%	-0.47%p	3.68%	3.39%	3.09%	-0.30%p	-0.59%p
Cost/income ratio	78.5%	56.4%	-22.1%p	78.4%	55.7%	57.2%	1.4%p	-21.3%p
Net loans to deposits (FX-adjusted)	120%	128%	7%p	120%	132%	128%	-4%p	7%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/RSD (closing)	2.8	3.0	10%	2.8	3.1	3.0	-1%	10%
HUF/RSD (average)	2.7	2.9	8%	2.7	2.9	3.0	4%	9%

- ***HUF 3.7 billion after-tax profit in 1H 2020 (-22% y-o-y), out of which 1.9 billion (+10% q-o-q) realized in 2Q***
- ***Operating expenses remained stable despite of ongoing integration process, the cost/income ratio improved to 56.4% (-22.1 pps y-o-y)***
- ***The Stage 3 ratio moderated to 2.3% (-0.1 pp q-o-q), while their coverage ratio improved to 56.6%***

The financial closure of the Societe Generale banka Srbija transaction was completed on 24 September 2019. The new name of the bank is OTP banka Srbija. The Serbian financial statements include the acquired bank's balance sheet starting from 3Q 2019, and its P&L statement from 4Q 2019.

The Serbian P&L statement was adjusted for the one-off items related to the acquisitions; these corrections are presented at consolidated level, among adjustment items. The balance sheet items were not adjusted for these effects.

The **Serbian banking group** generated HUF 3.7 billion adjusted after-tax profit in the first half-year of 2020, 22% less than a year earlier. This includes the HUF 1.9 billion profit earned in 2Q 2020.

After the financial closure of the acquisition at the end of September 2019, the Serbian operation's total market share by balance sheet total jumped to 13.4% on pro forma basis, the most recent data (of end-March 2020) reveal. The acquired subsidiary's integration process continues as scheduled.

The net-loan-to-deposit ratio of the Serbian operation rose by 7 pps, to 128%, the deposit basis grew by an FX-adjusted 8% from the end of 2019, but performing (Stage 1+2) loans have expanded by 7% ytd. Both the retail and the corporate segments expanded; consumer loans grew by 11% and mortgage loans rose by 4% ytd (FX-adjusted). Corporate performing volumes, which make up nearly half of the portfolio, expanded by 5% ytd. Following a q-o-q decline in disbursement dynamics in the first quarter, mortgage and corporate loans picked up in 2Q, while consumer loan disbursement fell 40% from 1Q.

The y-o-y development of operating profit in 1H 2020 representing the effect of acquisition. In 2Q operating profit dropped by 6% q-o-q. While operating expenses remained stable, total income contracted by 3% q-o-q, as decline in net fees and net interest income were only partly offset by the more than 40% q-o-q surge in other income. In the steadily declining yield environment since March, net interest margin narrowed by 30 bps q-o-q, to 3.09%.

In 1H total credit risk cost amounted to HUF 12.4 billion, including HUF 5.6 billion in 2Q. The credit risk cost ratio jumped to 1.65% (from 1.23% in 2Q). The q-o-q increase in other risk cost was induced by mainly litigation exposures and banking guarantees.

Regarding loan quality, the volume of 90+ days past due loans rose by HUF 3 billion in the second quarter (FX-adjusted, without sales/write-offs). In the April-June period, HUF 0.3 billion problem loans were sold/written off. The ratio of Stage 3 loans dropped by 0.1 pp q-o-q, to 2.3%. Because of the provision for impairment on loan losses in 2Q, the own provision coverage of Stage 3 loans stood at 56.6% at the end of June. The q-o-q drop in Stage 2 loan volumes stems from the revision of the 1Q reclassification of corporate portfolios that are most exposed to the pandemic's economic fallout.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	1Q 2020	2Q 2020	Q-o-Q
After tax profit w/o dividends and net cash transfer		3,244		81	3,163	
Income tax		-820		-909	89	
Profit before income tax		4,064		990	3,074	210%
Operating profit		9,184		4,434	4,750	7%
Total income		19,793		10,139	9,654	-5%
Net interest income		13,984		6,968	7,016	1%
Net fees and commissions		5,452		2,778	2,674	-4%
Other net non-interest income		357		393	-36	
Operating expenses		-10,609		-5,705	-4,904	-14%
Total provisions		-5,121		-3,444	-1,676	-51%
Provision for impairment on loan and placement losses		-3,865		-3,583	-281	-92%
Other provision		-1,256		139	-1,395	
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
Total assets	1,130,871	1,273,699	13%	1,287,889	1,273,699	-1%
Gross customer loans	831,139	887,449	7%	934,112	887,449	-5%
Gross customer loans (FX-adjusted)	896,744	887,449	-1%	927,500	887,449	-4%
Retail loans	527,785	519,185	-2%	525,622	519,185	-1%
Corporate loans	243,749	248,587	2%	277,890	248,587	-11%
Car financing loans	125,210	119,678	-4%	123,989	119,678	-3%
Allowances for possible loan losses	-4,051	-10,203	152%	-9,200	-10,203	11%
Allowances for possible loan losses (FX-adjusted)	-4,371	-10,203	133%	-9,134	-10,203	12%
Deposits from customers	880,839	1,041,711	18%	1,007,650	1,041,711	3%
Deposits from customers (FX-adjusted)	950,197	1,041,711	10%	1,000,060	1,041,711	4%
Retail deposits	834,259	898,279	8%	848,804	898,279	6%
Corporate deposits	115,939	143,432	24%	151,256	143,432	-5%
Liabilities to credit institutions	94,909	49,044	-48%	84,229	49,044	-42%
Total shareholders' equity	132,667	153,527	16%	151,022	153,527	2%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
Stage 1 loan volume under IFRS 9 (in HUF million)		826,584		898,225	826,584	-8%
Stage 1 loans under IFRS 9/gross customer loans		93.1%		96.2%	93.1%	-3.0%p
Own coverage of Stage 1 loans under IFRS 9		0.5%		0.5%	0.5%	0.0%p
Stage 2 loan volume under IFRS 9 (in HUF million)		50,197		25,097	50,197	100%
Stage 2 loans under IFRS 9/gross customer loans		5.7%		2.7%	5.7%	3.0%p
Own coverage of Stage 2 loans under IFRS 9		7.4%		11.4%	7.4%	-4.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)		10,669		10,790	10,669	-1%
Stage 3 loans under IFRS 9/gross customer loans		1.2%		1.2%	1.2%	0.0%p
Own coverage of Stage 3 loans under IFRS 9		21.6%		17.5%	21.6%	4.2%p
Provision for impairment on loan and placement losses/average gross loans		0.88%		1.64%	0.13%	-1.52%p
90+ days past due loan volume (in HUF million)		3,514		5,460	3,514	-36%
90+ days past due loans/gross customer loans		0.4%		0.6%	0.4%	-0.2%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
ROA		0.5%		0.0%	1.0%	1.0%p
ROE		4.5%		0.2%	8.5%	8.3%p
Total income margin		3.23%		3.43%	3.05%	-0.38%p
Net interest margin		2.29%		2.36%	2.22%	-0.14%p
Cost/income ratio		53.6%		56.3%	50.8%	-5.5%p
Net loans to deposits (FX-adjusted)		84%		92%	84%	-8%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
HUF/EUR (closing)	323.5	356.6	10%	359.1	356.6	-1%
HUF/EUR (average)	320.6	345.2	8%	339.1	351.5	4%

OTP Group's financial highlights include the Slovenian bank's balance sheet starting from end-2019, and its P&L statement from the first quarter of 2020.

The Slovenian P&L account was adjusted for the one-off items directly related to the acquisition; these corrections are shown at consolidated level, among adjustment items. The balance sheet items were not adjusted for the acquisition effects.

OTP Group's **Slovenian** subsidiary recorded HUF 3.2 billion adjusted after-tax profit in 1H 2020.

In 2Q, the 7% q-o-q increase in operating profit benefited from a 14% fall in operating expenses.

The q-o-q decline in other net non-interest income is a result of an intra-group swap deal, the income side of which was recorded in March, and the expenditure side was accounted in April. Another reason is the effect of loans measured at fair value.

Operating expenses fell by 14% q-o-q, as full-year supervisory fees (HUF 1 billion) were accounted in the base period.

In the first half-year, total risk cost amounted to HUF 5.1 billion, most of which was set aside in the first quarter.

At the end of 2Q 2020, the ratio of Stage 3 loans was at 1.2% of gross loan volume; it was stable in q-o-q terms. The own provision coverage of Stage 3 loans was 21.6%. The q-o-q growth of Stage 2 loan volumes stems from the revision of the 1Q reclassification of corporate portfolios that are most exposed to the pandemic's economic fallout. In the second quarter, DPD90+ loan volumes decreased by HUF 1.4 billion (adjusted for FX, and for the effect of sales/write-offs).

In 2Q 2020, the FX-adjusted volume of performing (Stage 1+2) loans sank 4% q-o-q. Within that, retail loans dropped by 1%, and corporate loans plunged 10%. In the second quarter, consumer, mortgage and corporate loans' disbursement decreased in quarter/quarter terms.

The FX-adjusted deposit book grew by 4% q-o-q. The net loan/deposit ratio stood at 84%.

SKB Banka has 53 branches, with 872 employees at the end of June (on FTE basis).

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	3,626	1,139	-69%	2,438	-909	2,048	-325%	-16%
Income tax	-170	27	-116%	-193	511	-484	-195%	151%
Profit before income tax	3,795	1,112	-71%	2,631	-1,420	2,532	-278%	-4%
Operating profit	5,909	6,611	12%	3,348	2,567	4,044	58%	21%
Total income	17,868	21,549	21%	9,032	10,379	11,170	8%	24%
Net interest income	12,953	16,178	25%	6,780	8,073	8,105	0%	20%
Net fees and commissions	1,660	1,863	12%	847	891	972	9%	15%
Other net non-interest income	3,256	3,507	8%	1,405	1,415	2,093	48%	49%
Operating expenses	-11,959	-14,938	25%	-5,685	-7,812	-7,126	-9%	25%
Total provisions	-2,114	-5,499	160%	-716	-3,987	-1,512	-62%	111%
Provision for impairment on loan and placement losses	-1,713	-4,149	142%	-393	-4,110	-38	-99%	-90%
Other provision	-401	-1,351	237%	-323	123	-1,474		356%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	953,345	1,047,032	10%	838,398	1,026,027	1,047,032	2%	25%
Gross customer loans	708,299	794,982	12%	635,638	786,657	794,982	1%	25%
Gross customer loans (FX-adjusted)	758,791	794,982	5%	692,452	779,157	794,982	2%	15%
Retail loans	513,124	534,674	4%	462,036	527,602	534,674	1%	16%
Corporate loans	232,423	246,268	6%	219,080	237,806	246,268	4%	12%
Allowances for possible loan losses	-39,327	-46,112	17%	-37,980	-46,359	-46,112	-1%	21%
Allowances for possible loan losses (FX-adjusted)	-42,218	-46,112	9%	-41,512	-45,888	-46,112	0%	11%
Deposits from customers	546,350	593,609	9%	470,111	572,041	593,609	4%	26%
Deposits from customers (FX-adjusted)	581,666	593,609	2%	509,036	566,580	593,609	5%	17%
Retail deposits	435,704	440,550	1%	384,178	436,461	440,550	1%	15%
Corporate deposits	145,962	153,059	5%	124,858	130,119	153,059	18%	23%
Liabilities to credit institutions	257,404	292,537	14%	252,151	293,177	292,537	0%	16%
Total shareholders' equity	116,432	123,160	6%	85,254	122,118	123,160	1%	44%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	518,427	653,743	26%	518,427	649,901	653,743	1%	26%
Stage 1 loans under IFRS 9/gross customer loans	81.6%	82.2%	0.7%p	81.6%	82.6%	82.2%	-0.4%p	0.7%p
Own coverage of Stage 1 loans under IFRS 9	1.5%	1.2%	-0.2%p	1.5%	1.6%	1.2%	-0.4%p	-0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	60,396	85,271	41%	60,396	80,294	85,271	6%	41%
Stage 2 loans under IFRS 9/gross customer loans	9.5%	10.7%	1.2%p	9.5%	10.2%	10.7%	0.5%p	1.2%p
Own coverage of Stage 2 loans under IFRS 9	5.2%	8.2%	3.0%p	5.2%	7.0%	8.2%	1.2%p	3.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	56,814	55,967	-1%	56,814	56,462	55,967	-1%	-1%
Stage 3 loans under IFRS 9/gross customer loans	8.9%	7.0%	-1.9%p	8.9%	7.2%	7.0%	-0.1%p	-1.9%p
Own coverage of Stage 3 loans under IFRS 9	48.0%	55.7%	7.7%p	48.0%	53.7%	55.7%	2.0%p	7.7%p
Provision for impairment on loan and placement losses/average gross loans	0.57%	1.11%	0.54%	0.25%	2.25%	0.02%	-2.23%	-0.23%
90+ days past due loan volume (in HUF million)	35,348	43,369	22.7%	35,348	37,501	43,369	15.6%	22.7%
90+ days past due loans/gross customer loans	5.6%	5.5%	-0.1%p	5.6%	4.8%	5.5%	0.7%p	-0.1%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	0.9%	0.2%	-0.7%p	1.2%	-0.4%	0.8%	1.2%p	-0.4%p
ROE	9.1%	1.9%	-7.2%p	11.7%	-3.1%	6.8%	9.9%p	-4.9%p
Total income margin	4.45%	4.34%	-0.11%p	4.41%	4.27%	4.41%	0.15%p	0.01%p
Net interest margin	3.23%	3.26%	0.03%p	3.31%	3.32%	3.20%	-0.12%p	-0.11%p
Cost/income ratio	66.9%	69.3%	2.4%p	62.9%	75.3%	63.8%	-11.5%p	0.9%p
Net loans to deposits (FX-adjusted)	128%	126%	-2%p	128%	129%	126%	-3%p	-2%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/RON (closing)	68.3	73.6	8%	68.3	74.4	73.6	-1%	8%
HUF/RON (average)	67.6	71.6	6%	68.0	70.7	72.7	3%	7%

OTP Bank Romania's adjusted after-tax profit amounted to HUF 1.1 billion in the first half of the year. The 69% year-on-year fall is mainly owed to the total risk cost of HUF 5.5 billion, most of which was recorded in the first quarter. Following the loss in 1Q, the Romanian operation generated HUF 2 billion profit in 2Q 2020, owing to a q-o-q decline in risk costs.

Operating profit grew by 12% y-o-y (by 5% in local currency), as a result of a 21% increase in total income and a 25% jump in operating expenses.

In 1H, net interest income surged 18% in local currency, due to a 17% increase in FX-adjusted performing (Stage 1+2) loan volumes, and a slight improvement in the interest margin.

The main reason for the q-o-q drop in 2Q margin was the 25 bp base rate cut, which was most perceptible in the lower interest rates on corporate loans. The expansion in the performing loan volume could not offset the lower margin, therefore 2Q net interest income in local currency decreased by 2% q-o-q. Other non-interest income in 2Q benefited from the fact that, following the revision of Visa Inc.'s class C shares' accounting classification, the equivalent of HUF 0.4 billion positive amount was recognised on this line (for details, see the Executive Summary).

Most of the y-o-y increase in operating expenses in 1H stemmed from the rise in amortization, and from higher personnel expenses. The latter was caused by the general wage inflation, and a 16% y-o-y increase in the average headcount. The reason for the 9% q-o-q drop in expenses in 2Q is that the total annual amount payable to the Deposit Protection Fund (HUF 0.9 billion) was accounted in 1Q.

As to loan quality, the ratio of Stage 2 loans rose by 0.5 pp in 2Q. The own coverage of Stage 2 loans stood at 8.2% at the end of 2Q (+1.2 pps q-o-q). Stage 3 loans made up 7.0% of gross loan volume (-1.9 pps y-o-y, -0.1 pp q-o-q). The own coverage of Stage 3 loans stood at 55.7% at the end of the second quarter (+7.7 pps y-o-y, +2.0 pps q-o-q). In the first half of the year, total risk cost amounted to HUF -5.5 billion.

Performing (Stage 1+2) retail loan volume grew by 18% y-o-y (+1% q-o-q), and corporate loans rose by 16% y-o-y, and by 4% q-o-q (FX-adjusted).

Regarding lending activity in the second quarter, consumer loans fell 49% y-o-y, and housing loans contracted by 44%. However, corporate lending improved by 14%.

The net loan to deposit ratio stood at 126% at the end of the quarter (-1 pp y-o-y).

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	16,011	10,759	-33%	7,717	6,658	4,102	-38%	-47%
Income tax	-3,291	-2,371	-28%	-1,584	-1,519	-852	-44%	-46%
Profit before income tax	19,302	13,130	-32%	9,301	8,177	4,953	-39%	-47%
Operating profit	20,369	21,137	4%	10,167	12,001	9,136	-24%	-10%
Total income	30,472	34,126	12%	15,575	18,475	15,652	-15%	0%
Net interest income	21,786	24,970	15%	11,211	13,346	11,624	-13%	4%
Net fees and commissions	6,531	6,714	3%	3,268	3,595	3,119	-13%	-5%
Other net non-interest income	2,154	2,443	13%	1,096	1,533	909	-41%	-17%
Operating expenses	-10,102	-12,989	29%	-5,409	-6,473	-6,516	1%	20%
Total provisions	-1,067	-8,007	650%	-866	-3,824	-4,183	9%	383%
Provision for impairment on loan and placement losses	-372	-6,399		-656	-3,159	-3,240	3%	394%
Other provision	-695	-1,609	131%	-210	-666	-943	42%	349%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	646,295	695,728	8%	474,465	694,535	695,728	0%	47%
Gross customer loans	468,715	451,236	-4%	407,121	484,823	451,236	-7%	11%
Gross customer loans (FX-adjusted)	472,947	451,236	-5%	450,185	476,656	451,236	-5%	0%
Retail loans	152,523	142,383	-7%	152,531	149,607	142,383	-5%	-7%
Corporate loans	274,347	262,434	-4%	259,392	280,880	262,434	-7%	1%
Car financing loans	46,078	46,419	1%	38,263	46,168	46,419	1%	21%
Allowances for possible loan losses	-69,785	-72,019	3%	-71,587	-72,351	-72,019	0%	1%
Allowances for possible loan losses (FX-adjusted)	-70,723	-72,019	2%	-79,420	-70,847	-72,019	2%	-9%
Deposits from customers	431,944	453,099	5%	306,700	449,647	453,099	1%	48%
Deposits from customers (FX-adjusted)	432,853	453,099	5%	338,670	442,523	453,099	2%	34%
Retail deposits	192,612	210,308	9%	160,658	199,934	210,308	5%	31%
Corporate deposits	240,241	242,791	1%	178,012	242,589	242,791	0%	36%
Liabilities to credit institutions	79,331	97,596	23%	60,972	102,812	97,596	-5%	60%
Total shareholders' equity	109,128	115,115	5%	78,485	109,241	115,115	5%	47%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	294,465	324,073	10%	294,465	345,665	324,073	-6%	10%
Stage 1 loans under IFRS 9/gross customer loans	72.3%	71.8%	-0.5%p	72.3%	71.3%	71.8%	0.5%p	-0.5%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	0.1%p	1.0%	1.0%	1.0%	0.0%p	0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	26,186	48,226	84%	26,186	58,060	48,226	-17%	84%
Stage 2 loans under IFRS 9/gross customer loans	6.4%	10.7%	4.3%p	6.4%	12.0%	10.7%	-1.3%p	4.3%p
Own coverage of Stage 2 loans under IFRS 9	12.8%	14.0%	1.2%p	12.8%	9.0%	14.0%	4.9%p	1.2%p
Stage 3 loan volume under IFRS 9 (in HUF million)	86,471	78,938	-9%	86,471	81,097	78,938	-3%	-9%
Stage 3 loans under IFRS 9/gross customer loans	21.2%	17.5%	-3.7%p	21.2%	16.7%	17.5%	0.8%p	-3.7%p
Own coverage of Stage 3 loans under IFRS 9	75.6%	78.5%	2.9%p	75.6%	78.4%	78.5%	0.1%p	2.9%p
Provision for impairment on loan and placement losses/average gross loans	0.20%	2.78%	2.58%p	0.66%	2.76%	2.81%	0.05%p	2.15%p
90+ days past due loan volume (in HUF million)	54,273	50,247	-7%	54,273	51,468	50,247	-2%	-7%
90+ days past due loans/gross customer loans	13.3%	11.1%	-2.2%p	13.3%	10.6%	11.1%	0.5%p	-2.2%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	7.5%	3.2%	-4.3%p	6.8%	4.0%	2.4%	-1.5%p	-4.4%p
ROE	47.4%	19.3%	-28.1%p	41.7%	24.0%	14.6%	-9.4%p	-27.1%p
Total income margin	14.25%	10.16%	-4.09%p	13.77%	11.01%	9.32%	-1.68%p	-4.45%p
Net interest margin	10.19%	7.44%	-2.75%p	9.92%	7.95%	6.92%	-1.03%p	-2.99%p
Cost/income ratio	33.2%	38.1%	4.9%p	34.7%	35.0%	41.6%	6.6%p	6.9%p
Net loans to deposits (FX-adjusted)	109%	84%	-26%p	109%	92%	84%	-8%p	-26%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/UAH (closing)	10.9	11.9	10%	10.9	11.9	11.9	0%	10%
HUF/UAH (average)	10.5	12.1	14%	10.8	12.2	11.9	-3%	10%

OTP Bank Ukraine's financial figures in HUF terms were affected by the UAH/HUF exchange rate: by the end of 2Q 2020, the hryvnia had appreciated by 10% y-o-y against the forint, but stagnated in quarter/quarter comparison. Over the first half-year, the average exchange rate rose by 14% y-o-y; in the second quarter, it increased by 10% year/year, but dropped 3% in q-o-q terms. As a result, the balance sheet and P&L statement figures in HUF terms differ from the values calculated in local currency.

OTP Bank Ukraine generated HUF 10.8 billion after-tax profit in the first half-year of 2020. The 42% drop in local currency terms can be put down to the increase in provisions, and a 9% drop in operating profit, in UAH terms. In the second quarter of 2020, the Ukrainian operation generated HUF 4.1 billion profit, which is HUF 2.6 billon less than in the first one.

The Ukrainian operation's liquidity position is stable. The net loan/deposit ratio stood at 84% at the end of the second quarter, slipping 8 pps from the end of March 2020, owing to a slight increase in deposits and a contraction in loan volumes. Deposit volumes expanded by 2% q-o-q, and 34% y-o-y (FX adjusted). It is illustrative of the favourable liquidity position that the previous net intrabank funding towards the Ukrainian operation turned into net placement by it to the Group.

Performing (Stage 1+2) loans grew by an FX-adjusted 5% y-o-y, but declined by 6% q-o-q. Performing consumer loans shrank by more than 10% and corporate loans contracted by 8% q-o-q while SME volumes, which represent a smaller fraction, grew by an FX-adjusted 14% in 2Q. Consumer loan disbursement slid 44% q-o-q in local currency.

In local currency terms, operating profit fell 9% y-o-y in 1H 2020, and it contracted by 22% q-o-q in 2Q. Owing to the weaker income in 2Q, total income dropped by 2% y-o-y in the first quarter (in local currency). In the first six months, net interest income stagnated, while net interest margin decreased by 2.75 pps, to 7.44%, predominantly because of the substantially lower interest rate environment (the base rate fell to 6% by the end of 2Q 2020, from 17.5% in 2Q 2019, and from 13.5% at end-2019. In the first six months of the year, net fees and commissions contracted by 10%. In local currency, operating expenses were 13% higher in the first half-year of 2020 than in 1H 2019.

Core banking revenues fell sharply in 2Q 2020: net interest income decreased by 10%, net fees and commissions slid 11% q-o-q in local currency, while operating expenses rose by 4%.

In the first half-year, total provisions amounted to HUF 8 bn, of which HUF 4.2 billion was recorded in the second quarter (+11% q-o-q in UAH). Risk cost ratio increased to 2.78% in 1H (+2.58 pps y-o-y).

Regarding loan quality, the 90+ days past due loan volume grew by HUF 4.2 billion (FX-adjusted, without sales/write-offs) in 2Q, after HUF 2.7 billion in the first quarter. In the first half-year, HUF 7.8 billion worth of bad loans were sold/written off (including HUF 3.3 billion in 2Q). The share of Stage 3 loans grew by 0.8% pp q-o-q (to 17.5%). As a result of the provision for impairment on loan losses, the own provision coverage of both Stage 2 and Stage 3 loans has increased in q-o-q terms.

OTP BANK RUSSIA

Performance of OTP Bank Russia

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	13,901	-2,240		7,260	-3,556	1,316		-82%
Income tax	-3,671	140		-1,978	725	-585		-70%
Profit before income tax	17,572	-2,380		9,238	-4,281	1,902		-79%
Operating profit	40,060	36,425	-9%	20,985	19,739	16,686	-15%	-20%
Total income	69,835	67,320	-4%	35,890	36,414	30,906	-15%	-14%
Net interest income	54,073	55,479	3%	27,739	29,577	25,902	-12%	-7%
Net fees and commissions	14,619	11,936	-18%	7,663	7,418	4,519	-39%	-41%
Other net non-interest income	1,143	-95		488	-581	486	-184%	0%
Operating expenses	-29,776	-30,896	4%	-14,905	-16,676	-14,220	-15%	-5%
Total provisions	-22,487	-38,804	73%	-11,747	-24,020	-14,784	-38%	26%
Provision for impairment on loan and placement losses	-21,958	-36,517	66%	-11,885	-23,628	-12,890	-45%	8%
Other provision	-529	-2,287	332%	138	-392	-1,895	383%	
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	908,388	765,909	-16%	868,500	803,121	765,909	-5%	-12%
Gross customer loans	786,241	645,639	-18%	690,388	682,103	645,639	-5%	-6%
Gross customer loans (FX-adjusted)	749,492	645,639	-14%	693,265	733,735	645,639	-12%	-7%
Retail loans	651,345	565,630	-13%	626,720	646,960	565,630	-13%	-10%
Corporate loans	89,264	69,217	-22%	66,430	76,733	69,217	-10%	4%
Car financing loans	8,883	10,792	21%	114	10,042	10,792	7%	
Allowances for possible loan losses	-152,741	-160,496	5%	-147,127	-156,974	-160,496	2%	9%
Allowances for possible loan losses (FX-adjusted)	-145,577	-160,496	10%	-147,815	-168,956	-160,496	-5%	9%
Deposits from customers	471,735	387,671	-18%	456,052	420,016	387,671	-8%	-15%
Deposits from customers (FX-adjusted)	453,593	387,671	-15%	461,375	449,247	387,671	-14%	-16%
Retail deposits	340,055	320,244	-6%	340,000	334,839	320,244	-4%	-6%
Corporate deposits	113,538	67,427	-41%	121,374	114,408	67,427	-41%	-44%
Liabilities to credit institutions	155,306	112,481	-28%	158,167	133,857	112,481	-16%	-29%
Total shareholders' equity	202,761	187,202	-8%	178,807	171,789	187,202	9%	5%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	535,768	456,214	-15%	535,768	496,160	456,214	-8%	-15%
Stage 1 loans under IFRS 9/gross customer loans	77.6%	70.7%	-6.9%p	77.6%	72.7%	70.7%	-2.1%p	-6.9%p
Own coverage of Stage 1 loans under IFRS 9	7.0%	6.5%	-0.5%p	7.0%	7.6%	6.5%	-1.1%p	-0.5%p
Stage 2 loan volume under IFRS 9 (in HUF million)	52,551	85,977	64%	52,551	90,431	85,977	-5%	64%
Stage 2 loans under IFRS 9/gross customer loans	7.6%	13.3%	5.7%p	7.6%	13.3%	13.3%	0.1%p	5.7%p
Own coverage of Stage 2 loans under IFRS 9	26.4%	40.3%	13.9%p	26.4%	31.7%	40.3%	8.6%p	13.9%p
Stage 3 loan volume under IFRS 9 (in HUF million)	102,069	103,448	1%	102,069	95,512	103,448	8%	1%
Stage 3 loans under IFRS 9/gross customer loans	14.8%	16.0%	1.2%p	14.8%	14.0%	16.0%	2.0%p	1.2%p
Own coverage of Stage 3 loans under IFRS 9	93.7%	92.9%	-0.8%p	93.7%	94.8%	92.9%	-2.0%p	-0.8%p
Provision for impairment on loan and placement losses/average gross loans	6.71%	10.26%	3.56%p	7.00%	12.58%	7.67%	-4.91%p	0.67%p
90+ days past due loan volume (in HUF million)	97,594	93,332	-4%	97,594	95,129	93,332	-2%	-4%
90+ days past due loans/gross customer loans	14.1%	14.5%	0.3%p	14.1%	13.9%	14.5%	0.5%p	0.3%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	3.6%	-0.5%	-4.1%p	3.6%	-1.6%	0.7%	2.3%p	-2.9%p
ROE	16.9%	-2.4%	-19.3%p	16.8%	-7.2%	2.9%	10.1%p	-13.9%p
Total income margin	18.06%	16.03%	-2.04%p	17.62%	16.29%	15.73%	-0.56%p	-1.90%p
Net interest margin	13.99%	13.21%	-0.78%p	13.62%	13.23%	13.18%	-0.05%p	-0.44%p
Cost/income ratio	42.6%	45.9%	3.3%p	41.5%	45.8%	46.0%	0.2%p	4.5%p
Net loans to deposits (FX-adjusted)	118%	125%	7%p	118%	126%	125%	-1%p	7%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/RUB (closing)	4.5	4.5	0%	4.5	4.2	4.5	8%	0%
HUF/RUB (average)	4.3	4.5	4%	4.5	4.6	4.4	-5%	-1%

OTP Bank Russia's financial figures, expressed in HUF, were affected by the RUB/HUF exchange rate: the RUB has appreciated 8% q-o-q by the end of the second quarter, but did not change in y-o-y terms. The average exchange rate in 1H grew by 4% y-o-y over the past half-year, but decreased in 2Q (-1% y-o-y, -5% q-o-q). Therefore, the balance sheet and P&L dynamics expressed in HUF significantly differ from the ones calculated in local currency.

OTP Bank Russia recorded HUF 2.2 billion loss in the first half-year of 2020. The y-o-y fall in its after-tax profit is a result of a 13% drop in operating profit in local currency and a 71% jump in risk cost. After-tax profit in 2Q hit HUF 1.3 bn, as opposed to the HUF 3.6 billion loss in the previous quarter.

A drop in loan disbursement, starting from April, led to a 14% q-o-q fall in FX-adjusted performing loans in the second quarter, thus the volume shrank by 8% y-o-y. Disbursement volumes fell by 59% q-o-q in RUB terms in case of consumer loans. The fall was visible in all product segments, particularly in cash loans. Having bottomed out in April, loan disbursements have been steadily growing but remained below the previous year's level even in June. Meanwhile, customer deposits dropped by an FX-adjusted 14% q-o-q, and 16% y-o-y, largely as a result of a more than 40% contraction in corporate deposit volumes. The FX-adjusted net loan/deposit ratio sank by 1 pp q-o-q, to 125%.

The year/year drop in the 1H after-tax profit was largely shaped by the deterioration of business performance in the second quarter, the continued erosion of the income margin, and the higher risk cost in the first quarter. In the first half-year, total income contracted by 7% y/y in RUB terms, of which net interest income dropped 2%, net fees and commissions slumped 22%, while other net non-interest income in the first quarter was dragged down by the revaluation of some derivatives and bonds as well as the loss on some corporate bonds. Total income margin declined by 2 pps y-o-y, while net interest margin slipped 78 basis points.

Meanwhile, six-month operating expenses dropped by 1% y-o-y in RUB terms, thus the cost/income ratio rose by 3 pps, to 46% in the first half of the year. In the second quarter, costs fell by 11% q-o-q in RUB, partly owing to a 7% drop in headcount, particularly because the number of employed agents fell as business activity subsided; administrative costs have also subsided.

In the second quarter, the key income lines showed decline in local currency, in both y-o-y and q-o-q terms: net interest income dropped by 6% and 8%, respectively, while net fees and commissions better reflected the muted business activity (-41% and -36%, respectively). In the second quarter, net interest margin dropped by 5 bps q-o-q as the continued decline in interest rates on consumer loans was partly offset by a drop in the average interest rate of customer deposits.

In the first half-year, total risk cost increased by 71% in RUB terms. A significant part of this growth originated from the higher provision recorded in March for impairment on loan losses related to the expected economic fallout from the pandemic. In the second quarter, risk cost returned to normal, contracting by 39% q-o-q in RUB terms, yet it has expanded by 27% y-o-y. In the first six months of 2020, risk cost rate increased by 3.56 pps y-o-y, to 10.26%.

The FX-adjusted 90+ days past due volumes, without the effects of sales and write-offs, grew at a stronger pace in the second quarter compared to 1Q (by HUF 17.2 billion vs. HUF 14.5 billion). On the whole, the ratio of Stage 3 loans rose by 2 pps q-o-q, to 16.0%; while nearly HUF 30 billion worth of non-performing loans were sold or written off in the second quarter.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit w/o dividends and net cash transfer	1,839	1,625	-12%	1,144	-235	1,859		63%
Income tax	-155	-154	0%	-84	32	-187		121%
Profit before income tax	1,993	1,779	-11%	1,228	-267	2,046		67%
Operating profit	1,725	3,802	120%	914	1,940	1,862	-4%	104%
Total income	5,864	10,710	83%	3,062	5,385	5,325	-1%	74%
Net interest income	4,036	8,385	108%	2,077	4,157	4,228	2%	104%
Net fees and commissions	1,650	2,108	28%	905	1,113	994	-11%	10%
Other net non-interest income	178	218	23%	80	115	102	-11%	27%
Operating expenses	-4,139	-6,909	67%	-2,148	-3,446	-3,463	0%	61%
Total provisions	269	-2,023		315	-2,207	184		-42%
Provision for impairment on loan and placement losses	168	-1,499		341	-2,103	604		77%
Other provision	101	-524		-26	-104	-420	306%	
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	439,836	472,979	8%	249,445	477,246	472,979	-1%	90%
Gross customer loans	319,836	349,625	9%	170,088	351,364	349,625	0%	106%
Gross customer loans (FX-adjusted)	345,044	349,625	1%	187,452	348,899	349,625	0%	87%
Retail loans	174,338	175,845	1%	79,747	174,778	175,845	1%	121%
Corporate loans	170,611	173,692	2%	107,628	174,025	173,692	0%	61%
Car financing loans	95	87	-8%	78	96	87	-8%	13%
Allowances for possible loan losses	-19,518	-21,294	9%	-27,539	-23,155	-21,294	-8%	-23%
Allowances for possible loan losses (FX-adjusted)	-21,057	-21,294	1%	-30,351	-22,993	-21,294	-7%	-30%
Deposits from customers	318,216	319,177	0%	173,139	332,426	319,177	-4%	84%
Deposits from customers (FX-adjusted)	343,244	319,177	-7%	190,944	329,869	319,177	-3%	67%
Retail deposits	223,749	210,907	-6%	137,331	211,266	210,907	0%	54%
Corporate deposits	119,495	108,270	-9%	53,613	118,603	108,270	-9%	102%
Liabilities to credit institutions	36,733	61,655	68%	11,279	53,423	61,655	15%	447%
Total shareholders' equity	66,188	73,108	10%	56,042	71,766	73,108	2%	30%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	133,676	302,168	126%	133,676	298,835	302,168	1%	126%
Stage 1 loans under IFRS 9/gross customer loans	78.6%	86.4%	7.8%p	78.6%	85.0%	86.4%	1.4%p	7.8%p
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.1%	-0.1%p	1.2%	1.2%	1.1%	-0.1%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	4,741	24,658	420%	4,741	27,792	24,658	-11%	420%
Stage 2 loans under IFRS 9/gross customer loans	2.8%	7.1%	4.3%p	2.8%	7.9%	7.1%	-0.9%p	4.3%p
Own coverage of Stage 2 loans under IFRS 9	11.5%	8.5%	-3.0%p	11.5%	8.9%	8.5%	-0.4%p	-3.0%p
Stage 3 loan volume under IFRS 9 (in HUF million)	31,671	22,800	-28%	31,671	24,737	22,800	-8%	-28%
Stage 3 loans under IFRS 9/gross customer loans	18.6%	6.5%	-12.1%p	18.6%	7.0%	6.5%	-0.5%p	-12.1%p
Own coverage of Stage 3 loans under IFRS 9	80.3%	69.4%	-10.9%p	80.3%	69.1%	69.4%	0.3%p	-10.9%p
Provision for impairment on loan and placement losses/average gross loans	-0.21%	0.89%	1.10%p	-0.81%	2.56%	-0.70%	-3.27%p	0.10%p
90+ days past due loan volume (in HUF million)	26,160	17,025	-35%	26,160	18,488	17,025	-8%	-35%
90+ days past due loans/gross customer loans	15.4%	4.9%	-10.5%p	15.4%	5.3%	4.9%	-0.4%p	-10.5%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.6%	0.7%	-0.9%p	1.9%	-0.2%	1.6%	1.8%p	-0.3%p
ROE	9.1%	4.7%	-4.4%p	10.7%	-1.4%	10.5%	11.8%p	-0.2%p
Total income margin	5.15%	4.67%	-0.48%p	5.17%	4.71%	4.62%	-0.09%p	-0.55%p
Net interest margin	3.54%	3.65%	0.11%p	3.51%	3.64%	3.67%	0.03%p	0.16%p
Cost/income ratio	70.6%	64.5%	-6.1%p	70.2%	64.0%	65.0%	1.0%p	-5.1%p
Net loans to deposits (FX-adjusted)	82%	103%	21%p	82%	99%	103%	4%p	21%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	323.5	356.6	10%	323.5	359.1	356.6	-1%	10%
HUF/EUR (average)	320.6	345.2	8%	323.1	339.1	351.5	4%	9%

The acquired bank's integration is proceeding as scheduled.

The P&L statement of the Montenegrin operation was adjusted for the one-off items directly related to the acquisition; these corrections are shown at consolidated level, among adjustment items. The balance sheet items were not adjusted for these effects.

In 1H 2020, the Montenegrin **CKB Group** recorded HUF 1.6 billion adjusted profit, which is 12% less than in the base period (without the acquisition: -71% y-o-y). The HUF 1.9 billion profit is consistent with 63% y-o-y growth in 2Q (without the acquisition: -14%).

At the end of June 2020, the total market share of OTP Group's Montenegrin operation by balance sheet total was 29.9% on *pro forma* basis. The acquired Podgorička banka has 20 branches, and the number of employees was 248 at the end of June (on FTE basis).

The 120% y-o-y growth 1H operating profit (without the acquisition: -5%) is attributable to an 83% improvement in total income (without the acquisition: 6%), while operating expenses surged by 67% (without the acquisition: 11%).

In 1H 2020, total risk cost amounted to HUF 2.0 billion, most of which was set aside in the first quarter, for extra risk costs owing to the reclassification of Stage 2 loans during the pandemic emergency. Overall, it was released in the second quarter.

In the second quarter, the volume of DPD90+ loans (FX-adjusted, without sales/write-offs) rose by HUF 0.4 billion. The DPD90+ ratio (4.9%) declined by 10.5 pps y-o-y, and by 0.4 pps q-o-q, simultaneously with the sale/write-off of HUF 5.3 billion non-performing loan volume in the second quarter. In 2Q 2020, the ratio of Stage 3 loans was 6.5% (-0.5 pps q-o-q, -12.1 pps y-o-y), their own provision coverage stood at 69.4%. The year-to-date increase in Stage 2 loan volumes is largely attributable to the reclassification of corporate portfolios that are most exposed to the pandemic's economic fallout.

FX-adjusted performing (Stage 1+2) loan volumes grew by 114% y-o-y, or by 17% without the acquisition, and by 1% q-o-q. In the first half-year, consumer loan disbursement shrank by 8% y-o-y, including a 41% q-o-q plunge in 2Q. Corporate loan disbursements fell by 9% y-o-y in 1H; and by 27% q-o-q in the second quarter (in local currency).

The FX-adjusted deposit book surged 67% year/year (without acquisition: by 6%), and it contracted by 3% q-o-q. At the end of the second quarter, the net loan to deposit ratio stood at 103% (+4 pps q-o-q).

OTP BANK ALBANIA (ALBANIA)

Performance of OTP Bank Albania:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	1,206	1,144	-5%	1,206	296	849	187%	-30%
Income tax	-218	-213	-2%	-218	-11	-202		-7%
Profit before income tax	1,424	1,358	-5%	1,424	307	1,051	242%	-26%
Operating profit	1,454	2,937	102%	1,454	1,546	1,391	-10%	-4%
Total income	2,701	5,650	109%	2,701	2,875	2,775	-3%	3%
Net interest income	2,277	4,813	111%	2,277	2,333	2,479	6%	9%
Net fees and commissions	305	593	94%	305	298	294	-1%	-4%
Other net non-interest income	118	245	107%	118	243	2	-99%	-99%
Operating expenses	-1,247	-2,713	118%	-1,247	-1,329	-1,384	4%	11%
Total provisions	-30	-1,580		-30	-1,240	-340	-73%	
Provision for impairment on loan and placement losses	15	-1,432		15	-1,241	-192	-85%	
Other provision	-45	-147	226%	-45	1	-148		228%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	247,997	271,121	9%	230,632	267,247	271,121	1%	18%
Gross customer loans	147,777	164,699	11%	135,719	159,693	164,699	3%	21%
Gross customer loans (FX-adjusted)	158,028	164,699	4%	148,452	161,008	164,699	2%	11%
Retail loans	71,033	75,477	6%	68,845	73,204	75,477	3%	10%
Corporate loans	84,751	86,712	2%	77,772	85,301	86,712	2%	11%
Car financing loans	2,244	2,510	12%	1,835	2,503	2,510	0%	37%
Allowances for possible loan losses	-3,657	-6,478	77%	-2,556	-5,011	-6,478	29%	153%
Allowances for possible loan losses (FX-adjusted)	-3,915	-6,478	65%	-2,794	-5,057	-6,478	28%	132%
Deposits from customers	179,755	197,388	10%	173,297	194,826	197,388	1%	14%
Deposits from customer (FX-adjusted)	191,914	197,388	3%	189,158	197,061	197,388	0%	4%
Retail deposits	163,202	167,496	3%	159,019	165,123	167,496	1%	5%
Corporate deposits	28,712	29,892	4%	30,139	31,939	29,892	-6%	-1%
Liabilities to credit institutions	36,901	42,656	16%	30,914	39,761	42,656	7%	38%
Total shareholders' equity	25,605	25,582	0%	22,851	25,741	25,582	-1%	12%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	128,034	152,402	19%	128,034	142,326	152,402	7%	19%
Stage 1 loans under IFRS 9/gross customer loans	94.3%	92.5%	-1.8%p	94.3%	89.1%	92.5%	3.4%p	-1.8%p
Own coverage of Stage 1 loans under IFRS 9	1.3%	1.5%	0.2%p	1.3%	1.6%	1.5%	0.0%p	0.2%p
Stage 2 loan volume under IFRS 9 (in HUF million)	4,935	8,137	65%	4,935	13,622	8,137	-40%	65%
Stage 2 loans under IFRS 9/gross customer loans	3.6%	4.9%	1.3%p	3.6%	8.5%	4.9%	-3.6%p	1.3%p
Own coverage of Stage 2 loans under IFRS 9	9.1%	25.9%	16.8%p	9.1%	8.6%	25.9%	17.3%p	16.8%p
Stage 3 loan volume under IFRS 9 (in HUF million)	2,750	4,160	51%	2,750	3,745	4,160	11%	51%
Stage 3 loans under IFRS 9/gross customer loans	2.0%	2.5%	0.5%p	2.0%	2.3%	2.5%	0.2%p	0.5%p
Own coverage of Stage 3 loans under IFRS 9	17.3%	49.3%	32.0%p	17.3%	43.7%	49.3%	5.6%p	32.0%p
Provision for impairment on loan and placement losses/average gross loans	-0.04%	1.84%	1.88%p	-0.05%	3.25%	0.48%	-2.77%p	0.53%p
90+ days past due loan volume (in HUF million)	1,292	4,809	272%	1,292	2,986	4,809	61%	272%
90+ days past due loans/gross customer loans	1.0%	2.9%	2.0%p	1.0%	1.9%	2.9%	1.0%p	2.0%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	1.9%	0.9%	-1.0%p	2.2%	0.5%	1.3%	0.8%p	-0.9%p
ROE	19.3%	8.8%	-10.5%p	22.4%	4.5%	13.2%	8.7%p	-9.2%p
Total income margin	4.15%	4.34%	0.19%p	4.84%	4.49%	4.18%	-0.31%p	-0.65%p
Net interest margin	3.50%	3.69%	0.20%p	4.08%	3.65%	3.74%	0.09%p	-0.34%p
Cost/income ratio	46.2%	48.0%	1.8%p	46.2%	46.2%	49.9%	3.7%p	3.7%p
Net loans to deposits (FX-adjusted)	77%	80%	3%p	77%	79%	80%	1%p	3%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/ALL (closing)	2.6	2.9	8%	2.6	2.8	2.9	3%	8%
HUF/ALL (average)	2.6	2.8	8%	2.6	2.8	2.8	2%	8%

OTP Group's financial statements have been presenting the Albanian bank's P&L statement since 2Q 2019.

The P&L statement of the Albanian operation was adjusted for the one-off items directly related to the acquisition; these corrections are presented at consolidated level, among adjustment items. The balance sheet items were not adjusted for these effects.

OTP Bank Albania generated HUF 1.1 billion after-tax profit in 1H 2020.

The 6% q-o-q increase in net interest income in 2Q is mostly a result of the FX-adjusted growth in performing (Stage 1+2) loan volume, as well as the 9 bps q-o-q improvement in interest margin.

In the first half-year, HUF 1.6 billion was put aside for total risk cost, mostly in the first quarter, owing to higher provisions necessitated by the pandemic situation (due to the revision of the IFRS 9 model parameters, and the elevated risk costs for loans reclassified as Stage 2 loans).

At the end of 2Q 2020, the ratio of Stage 3 loans made up 2.5% of gross loan volume. The q-o-q drop in Stage 2 loan volumes stems from the revision of the 1Q reclassification of corporate portfolios that are most exposed to the pandemic's economic fallout. The own provision coverage of Stage 3 loans was 49.3%. In the second quarter, the volume of DPD90+ loans rose by HUF 1.3 billion (FX-adjusted, without the effect of sales and write-offs).

Stage 1+2 loan volumes grew by an FX-adjusted 10% y-o-y, of which retail loans rose by 9%, while corporate loans expanded by 27%. In q-o-q terms, the total volume rose by 2%, retail volumes grew by +3%, and corporate loans increased by +1%. In the second quarter, the disbursement dynamics of both consumer and corporate loans dropped, while mortgage loan disbursements surged by more than 27% q-o-q.

The FX-adjusted deposit volume grew by 4% y-o-y. The net-loan-to-deposit ratio stood at 80%.

MOBIASBANCA (MOLDOVA)

Performance of Mobiasbanca:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	1Q 2020	2Q 2020	Q-o-Q
After tax profit without the effect of adjustments		1,729		468	1,261	169%
Income tax		-76		-16	-60	279%
Profit before income tax		1,805		484	1,321	173%
Operating profit		3,549		1,835	1,714	-7%
Total income		6,813		3,369	3,444	2%
Net interest income		4,231		2,154	2,077	-4%
Net fees and commissions		1,000		532	468	-12%
Other net non-interest income		1,582		683	899	31%
Operating expenses		-3,264		-1,534	-1,730	13%
Total provisions		-1,744		-1,351	-393	-71%
Provision for impairment on loan and placement losses		-1,478		-1,309	-169	-87%
Other provision		-266		-42	-224	435%
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
Total assets	211,043	236,056	12%	226,543	236,056	4%
Gross customer loans	104,763	121,817	16%	120,965	121,817	1%
Gross customer loans (FX-adjusted)	112,906	121,817	8%	122,351	121,817	0%
Retail loans	61,412	66,562	8%	64,695	66,562	3%
Corporate loans	49,958	53,500	7%	55,884	53,500	-4%
Car financing loans	1,536	1,755	14%	1,772	1,755	-1%
Allowances for possible loan losses	-1,790	-3,598	101%	-3,250	-3,598	11%
Allowances for possible loan losses (FX-adjusted)	-1,930	-3,598	86%	-3,279	-3,598	10%
Deposits from customers	161,071	182,185	13%	173,406	182,185	5%
Deposits from customer (FX-adjusted)	173,596	182,185	5%	174,430	182,185	4%
Retail deposits	119,466	126,033	5%	122,641	126,033	3%
Corporate deposits	54,130	56,152	4%	51,790	56,152	8%
Liabilities to credit institutions	12,342	11,598	-6%	12,956	11,598	-10%
Total shareholders' equity	34,518	38,319	11%	36,472	38,319	5%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
Stage 1 loan volume under IFRS 9 (in HUF million)		114,680		115,641	114,680	-1%
Stage 1 loans under IFRS 9/gross customer loans		94.1%		95.6%	94.1%	-1.5%p
Own coverage of Stage 1 loans under IFRS 9		0.9%		1.2%	0.9%	-0.3%p
Stage 2 loan volume under IFRS 9 (in HUF million)		5,474		3,694	5,474	48%
Stage 2 loans under IFRS 9/gross customer loans		4.5%		3.1%	4.5%	1.4%p
Own coverage of Stage 2 loans under IFRS 9		34.6%		32.5%	34.6%	2.1%p
Stage 3 loan volume under IFRS 9 (in HUF million)		1,663		1,630	1,663	2%
Stage 3 loans under IFRS 9/gross customer loans		1.4%		1.3%	1.4%	0.0%p
Own coverage of Stage 3 loans under IFRS 9		43.0%		43.1%	43.0%	-0.1%p
Provision for impairment on loan and placement losses/average gross loans		2.61%		4.80%	0.58%	-4.23%p
90+ days past due loan volume (in HUF million)		2,991		1,502	2,991	99%
90+ days past due loans/gross customer loans		2.5%		1.2%	2.5%	1.2%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
ROA		1.6%		0.9%	2.2%	1.4%p
ROE		9.6%		5.3%	13.8%	8.5%p
Total income margin		6.16%		6.24%	6.08%	-0.16%p
Net interest margin		3.82%		3.99%	3.67%	-0.32%p
Cost/income ratio		47.9%		45.5%	50.2%	4.7%p
Net loans to deposits (FX-adjusted)		65%		68%	65%	-3%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**1Q 2020**	**2Q 2020**	**Q-o-Q**
HUF/MDL (closing)	15.7	18.4	17%	17.9	18.4	3%
HUF/MDL (average)	16.2	17.7	10%	17.5	18.0	3%

The Moldovan bank was consolidated in Q3 2019.

The P&L statement of the Moldovan operation was adjusted for the one-off items directly related to the acquisition; these corrections are shown at consolidated level, among adjustment items. The balance sheet items were not adjusted for these effects.

In the first half-year 2020, **Mobiasbanca** contributed to OTP Group's performance by HUF 1.7 billion after-tax profit.

The main reason for the 7% q-o-q decline in 2Q operating profit is the 13% increase in operating expenses. The 32-bps q-o-q drop in net interest margin is related to the lower yields on financial assets (securities).

The 12% q-o-q fall in net fees and commissions can be put down to the drop in the number of transactions relating to the services available in the retail sector.

The 13% q-o-q jump in operating expenses was a result of an increase in real estate-related costs.

In the first six months of 2020, HUF 1.7 billion was set aside for total risk cost, predominantly in the first quarter.

At the end of 2Q 2020, Stage 3 loans made up 1.4% of the gross loan volume; the ratio was flat in q-o-q terms. The own provision coverage of Stage 3 loans was 43.0%. The q-o-q growth of Stage 2 loan volumes stems from the revision of the 1Q reclassification of corporate portfolios that are most exposed to the pandemic's economic fallout. In the second quarter, the volume of DPD90+ loans increased by HUF 1.3 billion (FX-adjusted, without the effect of sales and write-offs).

In 2Q 2020, the FX-adjusted volume of Stage 1+2 loans was stable q-o-q; within that, retail loans rose by 3%, while corporate loans declined by 4%. In the second quarter, disbursement dynamics fell in all segments in quarter/quarter terms.

The FX-adjusted deposit volume rose by 4% q-o-q. The net-loan-to-deposit ratio of 65% is less than the Group's average.

At the end of June 2020, the market share of OTP Group's Moldovan operation, by balance sheet total, was 13.4%. This ranks it the fourth largest bank in Moldova.

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Main components of P&L account in HUF mn	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
After tax profit without the effect of adjustments	533	-1,598	-400%	183	-1,671	72	-104%	-60%
Income tax	-101	-310	207%	-71	471	-781	-266%	994%
Profit before income tax	634	-1,288	-303%	255	-2,142	854	-140%	235%
Operating profit	892	1,177	32%	524	380	796	109%	52%
Total income	7,220	7,577	5%	3,670	3,610	3,966	10%	8%
Net interest income	5,216	5,098	-2%	2,621	2,507	2,591	3%	-1%
Net fees and commissions	1,833	1,926	5%	969	1,004	921	-8%	-5%
Other net non-interest income	171	553	224%	80	99	454	361%	466%
Operating expenses	-6,328	-6,400	1%	-3,146	-3,230	-3,170	-2%	1%
Total provisions	-258	-2,465	855%	-269	-2,522	57	-102%	-121%
Provision for impairment on loan and placement losses	-257	-2,686	944%	-280	-2,441	-245	-90%	-13%
Other provision	-1	221		11	-81	302	-471%	
Main components of balance sheet closing balances in HUF mn	**2019**	**1H 2020**	**YTD**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Total assets	473,660	478,123	1%	466,287	483,761	478,123	-1%	3%
Gross customer loans	392,793	410,474	5%	401,722	414,702	410,474	-1%	2%
Gross customer loans (FX-adjusted)	423,734	410,474	-3%	442,731	411,792	410,474	0%	-7%
Retail loans	362,835	357,654	-1%	375,652	357,098	357,654	0%	-5%
Corporate loans	60,890	52,816	-13%	67,067	54,688	52,816	-3%	-21%
Car financing loans	7	4	-36%	11	5	4	-19%	-61%
Allowances for possible loan losses	-24,338	-28,183	16%	-30,411	-28,570	-28,183	-1%	-7%
Allowances for possible loan losses (FX-adjusted)	-26,256	-28,183	7%	-33,515	-28,369	-28,183	-1%	-16%
Deposits from customers	351,722	356,626	1%	355,970	359,924	356,626	-1%	0%
Deposits from customers (FX-adjusted)	379,137	356,626	-6%	392,086	357,336	356,626	0%	-9%
Retail deposits	345,895	325,111	-6%	358,628	324,246	325,111	0%	-9%
Corporate deposits	33,242	31,515	-5%	33,458	33,090	31,515	-5%	-6%
Liabilities to credit institutions	50,669	46,196	-9%	39,216	46,980	46,196	-2%	18%
Total shareholders' equity	38,078	38,495	1%	29,250	39,281	38,495	-2%	32%
Loan Quality	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
Stage 1 loan volume under IFRS 9 (in HUF million)	339,396	345,906	2%	339,396	351,111	345,906	-1%	2%
Stage 1 loans under IFRS 9/gross customer loans	84.5%	84.3%	-0.2%p	84.5%	84.7%	84.3%	-0.4%p	-0.2%p
Own coverage of Stage 1 loans under IFRS 9	1.0%	0.9%	-0.1%p	1.0%	1.2%	0.9%	-0.3%p	-0.1%p
Stage 2 loan volume under IFRS 9 (in HUF million)	27,865	36,195	30%	27,865	34,940	36,195	4%	30%
Stage 2 loans under IFRS 9/gross customer loans	6.9%	8.8%	1.9%p	6.9%	8.4%	8.8%	0.4%p	1.9%p
Own coverage of Stage 2 loans under IFRS 9	9.4%	14.7%	5.3%p	9.4%	13.4%	14.7%	1.3%p	5.3%p
Stage 3 loan volume under IFRS 9 (in HUF million)	34,461	28,373	-18%	34,461	28,651	28,373	-1%	-18%
Stage 3 loans under IFRS 9/gross customer loans	8.6%	6.9%	-1.7%p	8.6%	6.9%	6.9%	0.0%p	-1.7%p
Own coverage of Stage 3 loans under IFRS 9	70.6%	69.4%	-1.2%p	70.6%	69.1%	69.4%	0.3%p	-1.2%p
Provision for impairment on loan and placement losses/average gross loans	0.13%	1.35%	1.21%p	0.28%	2.47%	0.24%	-2.23%p	-0.04%p
90+ days past due loan volume (in HUF million)	28,194	24,012	-15%	28,194	22,959	24,012	5%	-15%
90+ days past due loans/gross customer loans	7.0%	5.8%	-1.2%p	7.0%	5.5%	5.8%	0.3%p	-1.2%p
Performance Indicators	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
ROA	0.2%	-0.7%	-0.9%p	0.2%	-1.4%	0.1%	1.5%p	-0.1%p
ROE	3.7%	-8.3%	-12.0%p	2.5%	-17.3%	0.8%	18.0%p	-1.8%p
Total income margin	3.23%	3.24%	0.00%p	3.24%	3.09%	3.38%	0.29%p	0.14%p
Net interest margin	2.34%	2.18%	-0.16%p	2.31%	2.14%	2.21%	0.06%p	-0.10%p
Cost/income ratio	87.6%	84.5%	-3.2%p	85.7%	89.5%	79.9%	-9.5%p	-5.8%p
Net loans to deposits (FX-adjusted)	104%	107%	3%p	104%	107%	107%	0%p	3%p
FX rates (in HUF)	**1H 2019**	**1H 2020**	**Y-o-Y**	**2Q 2019**	**1Q 2020**	**2Q 2020**	**Q-o-Q**	**Y-o-Y**
HUF/EUR (closing)	323.5	356.6	10%	323.5	359.1	356.6	-1%	10%
HUF/EUR (average)	320.6	345.2	8%	323.1	339.1	351.5	4%	9%

Note: P&L lines and performance indicators are adjusted for the banking tax, Deposit Protection Fund contributions and payments into the Resolution Fund.

In the first half-year of 2020, **OTP Banka Slovensko** reported HUF 1.6 billion adjusted loss (including HUF +0.1 billion profit in 2Q). The main reason for the drop in 1H profit was the increase in risk cost in 1Q (HUF 2.5 billion), which was only partly offset by the 32% improvement in the half-year operating profit.

Total revenues in the second quarter increased by 10% q-o-q, of which net interest income increased by 3% in HUF terms, and stagnated in local currency. Net interest margin improved by six basis points q-o-q. Net fees and commissions dropped by 2% in the first half-year, and fell by 12% y-o-y in 2Q in local currency, as economic activity slumped.

Other non-interest income in 2Q benefited from the fact that, following the revision of Visa Inc.'s class C shares' accounting classification, the equivalent of HUF 0.3 billion positive amount was recognised on this line (for details, see the Executive Summary).

In quarter/quarter terms, operating expenses dropped by 5% in local currency; largely because of smaller administrative costs and amortization.

In terms of loan quality, the share of performing (Stage 1+2) loans dropped by 6% y-o-y, and stagnated q-o-q (FX-adjusted). In the second quarter, lending activity in consumer loans fell 44% year/year, while new housing loans grew by 16%. Corporate lending fell by 61% y-o-y.

The ratio of Stage 2 loans rose by 0.4 pp in the second quarter. The own provision coverage of Stage 2 loans stood at 14.7% at the end of 2Q (+5.3 pps y-o-y, +1.3 pps q-o-q). Stage 3 loans made up 6.9% of the gross loan volume; no change q-o-q. The own provision coverage of Stage 3 loans stood at 69.4% at the end of the second quarter. 90+ days past due loans grew by HUF 1.6 billion in 2Q, extending a HUF 0.3 billion gain in the first quarter.

The loan-to-deposit ratio stood at 107% at the end of 2Q 2020; this is consistent with 3 pps y-o-y increase.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2019				30/06/2020			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	361	1,936	77,962	10,083	364	1,918	80,225	10,092
DSK Group (Bulgaria)	440	1,140	12,915	6,186	379	1,131	13,280	5,818
OBH (Croatia)	136	480	10,856	2,251	128	486	10,712	2,219
OTP Bank Serbia	231	338	18,424	3,162	218	324	16,559	3,087
SKB Banka (Slovenia)	53	83	3,982	863	53	83	4,184	872
OTP Bank Romania	95	141	5,125	1,496	94	142	5,510	1,586
OTP Bank Ukraine (w/o employed agents)	88	166	331	2,399	88	173	382	2,346
OTP Bank Russia (w/o employed agents)	134	223	715	5,343	135	224	781	4,983
CKB Group (Montenegro)	48	128	6,908	681	47	127	7,051	677
OTP Bank Albania	37	76	0	424	38	78	0	442
Mobiasbanca (Moldova)	53	145	0	755	54	144	0	804
OTP Banka Slovensko (Slovakia)	58	157	159	671	58	157	146	639
Foreign subsidiaries, total	**1,373**	**3,077**	**59,415**	**24,230**	**1,292**	**3,069**	**58,605**	**23,474**
Other Hungarian and foreign subsidiaries				590				564
OTP Group (w/o employed agents)				**34,902**				**34,130**
OTP Bank Russia - employed agents				5,083				3,628
OTP Bank Ukraine - employed agents				663				590
OTP Group (aggregated)	**1,734**	**5,013**	**137,377**	**40,648**	**1,656**	**4,987**	**138,830**	**38,348**

Definition of headcount number: closing, active FTE (full-time employee). The employee is considered as full-time employee in case his/her employment conditions regarding working hours are in line with a full time employment defined in the Labour Code in the reporting entity's country. Part-time employees are taken into account proportional to the full time working hours being effective in the reporting entity's country.

Definition of branch numbers: data reported from 1Q 2020 are not comparable with previous quarters at OTP Core due to a methodological change. The introduction of the new methodology increased the number of branches by 9 units (ceteris paribus).

The headcount number of the Romanian subsidiary and consequently, the consolidated figure was corrected restrospectively for the 1Q 2020 period.

PERSONAL AND ORGANIZATIONAL CHANGES

Concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2020, the Board of Directors acting in the competency of the Annual General Meeting is electing Deloitte Auditing and Consulting Ltd. (000083, H-1068 Budapest, Dózsa György út 84/c) as the Bank's auditor from 1 May 2020 until 30 April 2021.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Tibor Tolnay as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. József Gábor Horváth as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Olivier Péqueux as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. Márton Gellért Vági as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mrs. Klára Bella as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. András Michnai as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Tibor Tolnay as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. József Gábor Horváth as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects Mr. Olivier Péqueux as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 30 April 2020 the Board of Directors acting in the competency of the Annual General Meeting, elects dr. Márton Gellért Vági as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2022 business year, but not later than 30 April 2023.

On 20 July 2020 the labour contract of Dr. Zsolt Barna, Deputy Chief Executive Officer had been terminated by mutual agreement. Along with the termination of the labour contract with OTP Bank Plc, Dr. Zsolt Barna resigned from his positions held in different member companies of OTP Group.

ASSET-LIABILITY MANAGEMENT

Similar to previous periods OTP Group maintained a strong and safe liquidity position…

The primary objective of OTP Group in terms of asset-liability management has not changed, that is to ensure that the Group's liquidity is maintained at a safe level.

Refinancing sources of the European Central Bank are still available for OTP (ECB repo eligible security portfolio on Group level is close to EUR 1.3 billion).

Total liquidity reserves of OTP Bank remained steadily and substantially above the safety level. As of 30 June 2020 the gross liquidity buffer was around EUR 6.4 billion equivalent. In addition to this, significant part of the Bulgarian excess liquidity (ca. 1.1bn EUR) is placed locally due to recent change in the Bulgarian regulation. Level of these buffers is significantly higher than the maturing debt within one year and the reserves required to protect against possible liquidity shocks.

The volume of issued securities increased by 4% y-o-y, mainly because of the change of net volume of mortgage bonds issued by OTP Mortgage bank due to the issuance and cancellation of mortgage bonds in February 2020. In the last 12 months the amount of retail targeted bonds decreased by HUF 0.6 billion to close to HUF 3 billion.

The volume of subordinated debt increased by HUF 190 billion y-o-y, mainly due to the EUR 500 million Tier 2 bond issuance in July 2019 and the HUF weakening against the EUR.

…and kept its interest-rate risk exposures low.

Interest-rate risk exposure of OTP Group is determined primarily by the positions of OTP Bank Plc. and OTP Mortgage Bank Ltd. Due to the forint liabilities on OTP Bank's balance sheet, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank considers the reduction and closing of this exposure as a strategic matter. Consequently, it has been reducing its interest-rate risk exposure through the purchase of fixed-rate government securities in order to offset the negative impact of declining yields on net interest income.

Market Risk Exposure of OTP Group

The consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 28.56 billion in total.

OTP Group is an active participant of the international FX and derivative market. Open FX positions of group members are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of the group members outside Hungary except for the Bulgarian DSK Bank – the EUR/BGN exposure of DSK under the current exchange rate regime does not represent real risk – were negligible measured against either the balance sheet total or the regulatory capital. Therefore, the group level FX exposure was concentrated at OTP Bank.

Thus the main part of the FX exposure booked at OTP Bank – in line with the previous years' practice – was the strategic open FX position (EUR 310 million) kept to hedge the currency risk of the expected FX-denominated net earnings of the main foreign subsidiaries. The strategic open position has been kept since 2007, and its size has been constant at EUR 310 million since 2008. The revaluation result of the strategic open position is accounted for directly against the equity.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions on companies of the act applicable (Civil Code). As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a listed company on the Budapest Stock Exchange (BSE), the company also makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations. After being approved by the General Meeting, this declaration is published on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

System of internal controls

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

OTP Bank Plc. has detailed risk management regulations applicable to all types of risks (liquidity, market, country, counterparty, credit, operational, compliance), which are in compliance with the legal regulations on prudent banking operations. Its risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results. The business continuity framework is intended to provide for the continuity of services. Developed on the basis of international methodologies, the lifecycle model includes process evaluation, action plan development for critical processes, the regular review and testing of these, as well as related DRP activities.

To ensure effective auditing, the OTP Bank Plc.'s internal audit system is realised on several levels of control built on each other. The system of internal checks and balances includes a combination of process-integrated and management control, independent internal audit organisation and executive information system. The independent internal audit organisation promotes the statutory and efficient management of assets and liabilities, the defence of property, the safe course of business, the efficient, economical and productive operation of internal control systems, the minimisation of risks, moreover – beside compliance organisation – it reveals and reports deviations from statutory regulations and internal rules, makes proposal to abolish deficiencies and follows up the execution of actions. The independent internal audit organisation annually and quarterly prepares group-level reports on control actions for the executive boards. Once a year, the internal audit organisation draws up, for the Supervisory Board, objective and independent reports in respect of the operation of risk management, internal control mechanisms and corporate governance functions and, in line with the provisions of the Credit Institutions Act, reports, once a year, to the Supervisory Board and the Board of Directors on the regularity of internal audit tasks, professional requirements and the conduct of audits, and on the review of compliance with IT and other technical conditions needed for the audits.

In line with the regulations of the European Union, the applicable Hungarian laws and supervisory recommendations, OTP Bank Plc. established an independent organisational unit with the task of identifying and managing compliance risks.

General meeting

The General Meeting is the supreme governing body of OTP Bank Plc. The regulations pertaining to its operation are set forth in the Company's Bylaws, and comply fully with both general and special statutory requirements. Information on the General Meeting is available in the Corporate Governance Report.

Committee[6]

Members of the Board of Directors
Dr. Sándor Csányi– Chairman
Mr. Tamás Erdei – Deputy Chairman
Mr. Mihály Baumstark
Dr. Tibor Bíró
Dr. István Gresa
Mr. Antal Kovács
Dr. Antal Pongrácz
Dr. László Utassy
Dr. József Vörös
Mr. László Wolf

Members of the Supervisory Board
Mr. Tibor Tolnay – Chairman
Dr. Gábor Horváth – Deputy Chairman
Mr. András Michnai
Ms. Klára Bella
Dr. Márton Gellért Vági
Mr. Olivier Péqueux

Members of the Audit Committee
Dr. Gábor Horváth – Chairman
Mr. Tibor Tolnay – Deputy Chairman
Dr. Márton Gellért Vági
Mr. Olivier Péqueux

[6] Personal changes can be found in the "Personal And Organizational Changes' Chapter

The résumés of the committee and board members are available in the Corporate Governance Report/Annual Report.

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive management body in its managerial function, while the Supervisory Board is the management body in its supervisory function of the Company. It controls the supervision of the lawfulness of the Company's operation, its business practices and management, performs oversight tasks and accepts the provisions of the Bank Group's Remuneration Policy. The effective operation of Supervisory Board is supported by the Audit Committee, as a committee, which also monitors the internal audit, the risk management, the reporting systems and the activities of the auditor.

In order to assist the performance of the governance functions the Board of Directors founded and operates, as permanent or other committees, such as the Management Committee, the Remuneration Committee, the Nomination Committee and the Risk Assumption and Risk Management Committee. To ensure effective operation OTP Bank Plc. also has a number of further permanent committees.

OTP Bank Plc. gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Report.

The Board of Directors held 3, the Supervisory Board held 2 meetings, while the Audit Committee did not hold a meeting in the first half of 2020. In addition, resolutions were passed by the Board of Directors on 93, by the Supervisory Board on 68 and by the Audit Committee on 24 occasions by written vote.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Responsibility

For OTP Bank, sustainability is not merely an expectation imposed or forced upon the company from outside, but something that stems from internal commitment, from the core spirit of OTP Group.

With development and growth, OTP Group's responsibility for and impact on the environment is also increasing, which is why it has been seeking out green solutions in respect of both product development, service provision and corporate operation:

- in the course of providing services, the company takes into consideration and integrates environmental aspects,
- it strives to ensure that negative environmental impacts arising from its operation and maintenance are minimized.

Recognition – Green Finances Award

Within the framework of its Green Programme launched in 2019, the National Bank of Hungary presented awards for the first time to environmentally conscious financial institutions.

Our bank was the very first to be awarded the Green Finance Award, given for the absolute category of the competition. The award recognizes outstanding environmental performance in terms of operation, corporate ecological footprint and services/products alike.

The foundations of responsible operation

The foundations of responsible operation have not changed in recent years. The entity that coordinates the company's environmental protection activity, in line with the schedule already in place, is still OTP Ingatlanüzemeltető Ltd. It performs the tasks related to official permits and data reporting to public authorities, coordinates and supervises waste management tasks: the collection of hazardous waste as well as confidential paper waste at company level, and the disposal of these in compliance with the regulations.

Legal compliance is of the utmost importance for OTP Group, and as such, it also demonstrates law-abiding and compliant behavior in the area of environmental protection. No environmental fines were imposed on either the Group or any of its subsidiaries in 2019 and the first half of 2020.

Environmentally-aware energy consumption

The Company has been continuously modernizing its systems at all subsidiary banks, and installs energy-saving, novel building engineering solutions as part of its construction investments. There was no substantial change in the Bank's overall energy consumption compared to the previous half-year.

Environmentally-aware waste management

The Bank steadily enforces the following order of priority: "prevention of waste generation: reuse / recycling / disposal". Collecting waste selectively and cutting back on paper use is an integral part of this endeavor. The method of waste collection at group level has not changed in 2019.

Reduction of paper use through digitalization

OTP Bank's ongoing digital developments have an impact on the environment and are also considered to be important in terms of sustainability.

The range of products available online has expanded, the use of Digital Signature Pads has increased, and the proportion of electronic account statements also shows an increasing trend. Following the significant decline in paper consumption over the past few years, OTP Bank has set itself the additional goal of maintaining its previous results and expanding the use of recycled paper.

At the majority of our subsidiaries, measures adopted previously helped to maintain the level of paper consumption. The introduction of the signature pad has helped save nearly 50 million pages in Hungary alone, i.e. 250 tons of paper. The bank registered the electronic signatures of close to 1.7 million retail customers, and its clientele can access more than 10 million electronically signed documents.

Recycling

The ratio of the use of recycled materials varies within OTP Group.

- Our subsidiary bank in Serbia, OTP Real Estate Lease and OTP Financial Point use only recycled paper. Monicomp prints the account statements of the Hungarian banking group on recycled paper, using this in almost 60% of the cases, while OTP banka Slovensko and OTP Bank also use recycled paper, but to a lesser extent. OTP Bank also introduced the use of recycled paper in office use in 2019.

- Our Slovakian unit uses 'green' certified office supplies made from recycled or recyclable materials.
- OTP Bank, DSK Bank, OTP Bank Romania and OTP banka Srbija all follow the practice of donating furniture no longer in use but still in good condition, and operable IT equipment (mostly computers and laptops) to institutions and organizations in need.
- The subsidiaries in Montenegro and Slovakia use toner refills to reduce toner and ink cartridge waste.

Business trips and options for their substitution

The operations of the bank group involve significant level of travel and transportation. Taking environmental aspects into account, our purchasing activity focuses on cars with low fuel consumption. In line with its new vehicle policy, OTP Bank replaces all cars older than 5 years or having reached a certain total distance travelled; the Bank has also introduced carbon emission caps last year, with the results of this effort to take effect this year. OTP Bank's fleet currently has two electric cars, with another two planned for purchase this year.

We have been constantly expanding the bicycle storage facilities available for our customers and employees.

Travel rationalization and video conferencing are common practices across the group. OTP banka Hrvatska plans to introduce the more concerted monitoring of carbon emissions and will encourage its employees to use public transport.

Video conferencing capacity within OTP Group is expanding year after year. The parent bank installed twice as many video conferencing devices last year than in the year before. The number of videoconferencing rooms also increased at the Bulgarian, Romanian and Russian subsidiary banks.

Office building project

The office building project, OTP Bank's priority project in Hungary, commenced in the summer of 2018 and is set to be completed in 2022. OTP Bank's new HQ will have LEED Gold certification, meaning it will comply with sustainability criteria for the entire duration of the construction. Construction works are progressing on schedule.

The bank's basic environmental protection-related principles and the fundamentals of its environmental practices are available on our website at https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem.

Disclaimers

This Report contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof such as “plans", "expects” or “does not expect”, “is expected”, “continues”, “assumes”, “is subject to”, “budget”, “scheduled”, “estimates”, “aims”, “forecasts”, “risks”, “intends”, “positioned”, “predicts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words or comparable terminology and phrases or statements that certain actions, events or results “may”, “could”, “should”, “shall”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

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FINANCIAL DATA

SEPARATE IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	30/06/2020	30/06/2019	változás
Cash, amounts due from banks and balances with the National Bank of Hungary	469,992	420,324	12%
Placements with other banks, net of allowance for placement losses	1,476,344	1,295,251	14%
Repo receivables	11,922	35,474	-66%
Financial assets at fair value through profit or loss	226,159	138,184	64%
Financial assets at fair value through other comprehensive income	983,207	1,548,907	-37%
Loans	3,575,356	2,920,026	22%
Securities at amortised cost	1,643,025	1,439,115	14%
Investments properties	2,356	2,400	-2%
Investments in subsidiaries	1,547,443	1,201,535	29%
Intangible assets	54,402	40,129	36%
Property and equipment	75,395	71,870	5%
Right of use assets	14,888	14,691	1%
Derivative financial assets designated as hedge accounting relationships	22,529	12,630	78%
Deferred tax assets	0	0	
Other assets	168,179	129,725	30%
TOTAL ASSETS	**10,271,197**	**9,270,261**	**11%**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	732,436	576,345	27%
Deposits from customers	6,933,116	5,821,071	19%
Repo liabilities	131,672	745,706	-82%
Liabilities from issued securities	41,723	44,055	-5%
Subordinated bonds and loans	302,991	110,605	174%
Financial liabilities at fair value through profit or loss	27,192	29,924	-9%
Derivative financial liabilities designated as held for trading	154,832	71,134	118%
Derivative financial liabilities designated as hedge accounting relationships	11,522	11,135	3%
Deferred tax liabilities	3,206	2,771	16%
Leasing liabilities	15,401	14,468	6%
Other liabilities	263,254	283,355	-7%
TOTAL LIABILITIES	**8,617,345**	**7,710,569**	**12%**
Share capital	28,000	28,000	0%
Retained earnings and reserves	1,647,635	1,535,512	7%
Treasury shares	-21,783	-3,820	470%
TOTAL SHAREHOLDERS' EQUITY	**1,653,852**	**1,559,692**	**6%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,271,197**	**9,270,261**	**11%**

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION

in HUF million	30/06/2020	30/06/2019	change
Cash, amounts due from banks and balances with the National Banks	2,129,281	1,504,941	41%
Placements with other banks, net of loss allowance for placements	930,148	494,745	88%
Repo receivables	52,244	0	
Financial assets at fair value through profit or loss	275,426	190,504	45%
Securities at fair value through other comprehensive income	1,906,502	2,145,586	-11%
Loans at amortized cost	12,630,945	9,442,357	34%
Loans mandatorily at fair value through profit or loss	31,628	31,943	-1%
Associates and other investments	26,881	17,422	54%
Securities at amortized cost	2,369,970	1,792,912	32%
Property and equipment	320,757	288,426	11%
Intangible assets and goodwill	242,170	198,652	22%
Right-of-use assets	47,987	49,831	-4%
Investment properties	36,835	40,623	-9%
Derivative financial assets designated as hedge accounting	12,389	5,952	108%
Deferred tax assets	29,869	22,693	32%
Current income tax receivable	36,938	12,565	194%
Other assets	243,743	219,226	11%
Assets classified as held-for-sale	466,441	0	
TOTAL ASSETS	**21,790,154**	**16,458,378**	32%
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,000,580	492,447	103%
Repo liabilities	122,091	0	
Financial liabilities at fair value through profit or loss	29,265	29,924	-2%
Deposits from customers	16,231,927	12,699,826	28%
Liabilities from issued securities	401,829	385,397	4%
Derivative financial liabilities held for trading	159,339	73,576	117%
Derivative financial liabilities designated as hedge accounting	14,080	11,425	23%
Leasing liabilities	50,038	50,093	0%
Deferred tax liabilities	26,825	10,837	148%
Current income tax payable	50,304	31,355	60%
Other liabilities	683,298	599,122	14%
Subordinated bonds and loans	271,478	81,532	233%
Liabilities directly associated with assets classified as held-for-sale	368,837	0	
TOTAL LIABILITIES	**19,409,891**	**14,465,534**	34%
Share capital	28,000	28,000	0%
Retained earnings and reserves	2,449,135	2,026,878	21%
Treasury shares	-101,305	-65,715	54%
Non-controlling interest	4,433	3,681	20%
TOTAL SHARHOLDERS' EQUITY	**2,380,263**	**1,992,844**	19%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**21,790,154**	**16,458,378**	32%

SEPARATE IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	1H 2020	1H 2019	change
NET INTEREST INCOME	**105,949**	**101,281**	**5%**
Interest income from / on	**160,454**	**155,846**	**3%**
Interest expense due to / from / on	**-54,505**	**-54,565**	**0%**
Risk cost total	**-50,164**	**-10,900**	**360%**
Loss allowance on loan and repo receivables losses	-43,569	-8,748	398%
Loss allowance on placement losses	203	-375	-154%
Loss allowance on securities at fair value through other comprehensive income	477	37	
Loss allowance on securities at amortised cost	-81	258	-131%
Provision for loan commitments and financial guarantees given	-7,194	-2,072	247%
NET INTEREST INCOME AFTER RISK COST	**55,785**	**90,381**	**-38%**
NET PROFIT FROM FEES AND COMMISSIONS	**100,085**	**99,338**	**1%**
Income from fees and commissions	117,471	114,237	3%
Expenses from fees and commissions	-17,386	-14,899	17%
NET OPERATING INCOME	**44,107**	**73,106**	**-40%**
Foreign exchange (losses) and gains	-4,147	689	-702%
Gains on deivative instruments, net	3,272	1,246	163%
Gains on financial instruments at fair value through profit or loss	2,518	543	364%
Gains on securities, net	5,199	5,319	-2%
Dividend income	60,946	78,859	-23%
Other operating income	2,748	2,712	1%
Other operating expenses	-26,429	-16,262	63%
OTHER ADMINISTRATIVE EXPENSES	**-160,892**	**-150,277**	**7%**
Personnel expenses	-57,979	-54,174	7%
Depreciation and amortization	-17,701	-13,988	27%
Other administrative expenses	-85,212	-82,115	4%
PROFIT BEFORE INCOME TAX	**39,085**	**112,548**	**-65%**
Income tax	-396	4,641	-109%
NET PROFIT FOR THE YEAR	**39,481**	**107,907**	**-63%**

CONSOLIDATED IFRS STATEMENT OF RECOGNIZED INCOME

in HUF million	1H 2020	1H 2019	change
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	438,017	370,015	18%
Income similar to interest income	60,558	57,267	6%
Interest incomes	**498,575**	**427,282**	**17%**
Interest expenses	**-107,171**	**-92,967**	**15%**
NET INTEREST INCOME	**391,404**	**334,315**	**17%**
Loss allowance / Release of loss allowance on loans, placements and repo receivables	-124,717	-18,619	570%
Loss allowance / Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	-1,711	45	
Provision for commitments and guarantees given	-10,420	-1,893	450%
Impairment / (Release of impairment) of assets subject to operating lease and of investment properties	894	-116	-871%
NET INTEREST INCOME AFTER LOSS ALLOWANCE, IMPAIRMENT AND PROVISIONS	**255,450**	**313,732**	**-19%**
Income from fees and commissions	227,366	199,618	14%
Expense from fees and commissions	-39,845	-30,973	29%
Net profit from fees and commissions	**187,521**	**168,645**	**11%**
Foreign exchange gains / losses, net	8,989	4,147	117%
Foreign exchange result	2,148	2,866	-25%
Gains and losses on derivative instruments	6,842	1,282	434%
Gains / Losses on securities, net	5,978	6,187	-3%
Gains / Losses on financial assets /liabilities measured at fair value through profit or loss	54	918	-94%
Dividend income and gain / loss from associated companies	-44	5,387	-101%
Other operating income	19,322	26,255	-26%
Gains and losses on real estate transactions	1,164	5,632	-79%
Other non-interest income	17,355	20,195	-14%
Net insurance result	803	429	87%
Other operating expense	-33,732	-14,075	140%
Net operating income	**567**	**28,819**	**-98%**
Personnel expenses	-154,225	-131,443	17%
Depreciation and amortization	-44,510	-36,177	23%
Goodwill impairment	0	-4,887	-100%
Other administrative expenses	-156,416	-142,124	10%
Other administrative expenses	**-355,151**	**-314,631**	**13%**
PROFIT BEFORE INCOME TAX	**88,387**	**196,565**	**-55%**
Income tax expense	-11,156	-18,606	-40%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**77,231**	**177,959**	**-57%**
From this, attributable to:			
Non-controlling interest	**1**	**173**	**-99%**
Owners of the company	**77,230**	**177,786**	**-57%**
DISCONTINUED OPERATIONS			
LOSS FROM DISCONTINUED OPERATION	**-2,632**	**0**	
PROFIT FROM CONTINUING AND DISCOUNTINUED OPERATION	**74,599**	**177,959**	**-58%**

Note: in the stock exchange reports that accounting P&L structure was presented for the FY 2018, FY 2019 and 2020 periods where the results are split into continuing and discontinued operations, in the wake of the sale of the Slovakian bank. However, for the intra-year periods of 2018 and 2019, including the 1H 2019 base period shown in the above table the accounting P&L without this split was presented.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (IFRS)

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares1	Non-controlling interest	Total
Balance as at 1 January 2018	**28,000**	**52**	**35,632**	**1,883,988**	**-55,468**	**-67,999**	**2,452**	**1,826,657**
Net profit for the year				177,786			172	177,958
Other comprehensive income				48,377			247	48,624
Purchase of non-controlling interests								
							810	810
Share-based payment			1,603					1,603
Dividend for the year 2018				-61,320				-61,320
Correction due to ESOP				376				376
Treasury shares								
– sale						10,153		10,153
– loss on sale				-5,117				-5,117
– volume change						-7,869		-7,869
Payment to ICES holders				969				969
Balance as at 30 June 2019	**28,000**	**52**	**37,235**	**2,045,059**	**-55,468**	**-65,715**	**3,681**	**1,992,844**

in HUF million	Share capital	Capital reserve	Share based payment reserve	Retained earnings and reserves	Put option reserves	Treasury shares[1]	Non-controlling interest	Total
Balance as at 31 December 2019	**28,000**	**52**	**39,179**	**2,335,500**	**-55,468**	**-60,931**	**4,956**	**2,291,288**
Change due the change in representation of Visa C shares	**--**	**--**	**--**	**1,842**	**--**	**--**	**--**	**1,842**
Balance as at 1 January 2020	**28,000**	**52**	**39,179**	**2,337,342**	**-55,468**	**-60,931**	**4,956**	**2,293,130**
Net profit for the year	--	--	--	74,598	--	--	1	74,599
Other comprehensive income	--	--	--	57,210	--	--	-142	57,068
Purchase of non-controlling interests	--	--	--	--	--	--	-382	-382
Increase due to business combinations	--	--	--	--	--	--	--	--
Share-based payment	--	--	1,744	--	--	--	--	1,744
Dividend	--	--	--	--	--	--	--	--
Correction due to ESOP	--	--	--	--	--	--	--	--
Treasury shares	--	--	--	--	--	--	--	--
– sale	--	--	--	--	--	16,501	--	16,501
– loss on sale	--	--	--	-3,084	--	--	--	-3,084
– volume change	--	--	--	--	--	-56,875	--	-56,875
Payment to ICES holders	--	--	--	-2,438	--	--	--	-2,438
Balance as at 30 June 2020	**28,000**	**52**	**40,923**	**2,463,628**	**-55,468**	**-101,305**	**4,433**	**2,380,263**

[1] The deduction related to repurchased treasury shares (2Q 2020: HUF 101,305 million) includes the book value of OTP shares held by ESOP (2Q 2020: 5,291,296 shares).

SEPARATE IFRS STATEMENT OF CASH FLOWS

in HUF million	30/06/2020	30/06/2019	change
OPERATING ACTIVITIES			
Profit before income tax	39,085	112,548	-65%
Net accrued interest	-22,916	-4,089	460%
Income tax paid	0	-217	-100%
Depreciation and amortization	17,701	1,393	
Loss allowance / (Release of loss allowance)	71,854	12,081	495%
Share-based payment	1,744	1,603	9%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	-953	3,636	-126%
Unrealised losses on fair value adjustment of derivative financial instruments	2,325	-32,979	-107%
Leasing interest expense	-67	0	
Net change in assets and liabilities in operating activities	-34,332	65,616	-152%
Net cash provided by operating activities	**74,441**	**159,592**	**-53%**
INVESTING ACTIVITIES			
Net cash used in investing activities	445,951	-415,267	-207%
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	-344,814	311,207	-211%
Net decrease in cash and cash equivalents	**175,578**	**55,532**	**216%**
Cash and cash equivalents at the beginning of the year	**224,631**	**303,358**	**-26%**
Cash and cash equivalents at the end of the year	**400,209**	**358,890**	**12%**
Cash, amounts due from banks and balances with the National Bank of Hungary	289,686	360,855	-20%
Cash and cash equivalents at the beginning of the year	**289,686**	**360,855**	-20%
Cash, amounts due from banks and balances with the National Bank of Hungary	469,992	420,324	12%
Cash and cash equivalents at the end of the year	**469,992**	**420,324**	12%

CONSOLIDATED IFRS STATEMENT OF CASH FLOWS

in HUF million	30/06/2020	30/06/2020	change
OPERATING ACTIVITIES			
Net profit for the period	74,598	177,786	-58%
Net changes in assets and liabilities in operating activities			
Income tax paid	-16,686	-10,309	62%
Depreciation	45,471	36,177	26%
Goodwill impairment	0	4,887	-100%
Loss allowance	151,519	28,420	433%
Net accrued interest	-6,194	-3,859	61%
Share-based payment	1,744	1,603	9%
Unrealised gains on fair value adjustment of financial instruments at fair value through profit or loss	-6,811	5,605	-222%
Unrealised losses on fair value adjustment of derivative financial instruments	5,605	25,433	-78%
Changes in operating assets and liabilities	267,942	105,997	153%
Net cash provided by operating activities	**517,188**	**371,740**	**39%**
INVESTING ACTIVITIES			
Net cash used in investing activities	**-514,821**	**-160,537**	**221%**
FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	**378,586**	**-97,403**	**-489%**
Net increase (+) / decrease (-) of cash	**380,953**	**113,800**	**235%**
Cash and cash equivalents at the beginning of the year	1,049,737	819,979	28%
Cash and cash equivalents at the end of the year	**1,430,852**	**933,779**	**53%**
Adjustment due to discontinuing activity	***-162***	--	

CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

			Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
1	Air-Invest Ltd.		600,000,000	100.00	100.00	L
2	AppSense Ltd.		3,000,000	100.00	100.00	L
3	Bajor-Polár Center Real Estate Management Ltd.		30,000,000	100.00	100.00	L
4	Balansz Real Estate Institute Fund		30,931,279,011	100.00	100.00	L
5	BANK CENTER No. 1. Ltd.		11,500,000,000	100.00	100.00	L
6	Banka OTP Albania SHA	ALL	6,740,900,000	100.00	100.00	L
7	CIL Babér Ltd.		71,890,330	100.00	100.00	L
8	CRESCO d.o.o.	HRK	39,000	100.00	100.00	L
9	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	EUR	181,875,221	100.00	100.00	L
10	DSK Asset Management EAD	BGN	1,000,000	100.00	100.00	L
11	DSK Auto Leasing EOOD	BGN	1,000,000	100.00	100.00	L
12	DSK DOM EAD	BGN	100,000	100.00	100.00	L
13	DSK Leasing AD	BGN	3,334,000	100.00	100.00	L
14	DSK Mobile EAD	BGN	250,000	100.00	100.00	L
15	DSK Operating lease EOOD	BGN	1,000	100.00	100.00	L
16	DSK Tours EOOD	BGN	8,491,000	100.00	100.00	L
17	DSK Trans Security EAD	BGN	2,225,000	100.00	100.00	L
18	EiSYS Ltd.		3,000,000	100.00	100.00	L
19	Express Factoring EOOD	BGN	1,100,000	100.00	100.00	L
20	INGA KETTŐ Ltd.		8,000,000,000	100.00	100.00	L
21	JN Parkolóház Ltd.		4,800,000	100.00	100.00	L
22	Limited Liability Company Asset Management Company " OTP Capital"	UAH	10,000,000	100.00	100.00	L
23	LLC MFO "OTP Finance"	RUB	6,533,000,000	100.00	100.00	L
24	LLC OTP Leasing	UAH	45,495,340	100.00	100.00	L
25	Merkantil Bank Ltd.		2,000,000,000	100.00	100.00	L
26	Merkantil Bérlet Ltd.		6,000,000	100.00	100.00	L
27	MFM Project Investment and Development Ltd.		20,000,000	100.00	100.00	L
28	Miskolci Diákotthon Ltd.		5,000,000	100.00	100.00	L
29	MONICOMP Ltd.		20,000,000	100.00	100.00	L
30	NIMO 2002 Ltd.		1,156,000,000	100.00	100.00	L
31	OTP Fund Management Ltd.		900,000,000	100.00	100.00	L
32	OTP Asset Management SAI S.A.	RON	5,795,323	100.00	100.00	L
33	OTP Aventin d.o.o.	HRK	40,000	100.00	100.00	L
34	Joint-Stock Company OTP Bank	UAH	6,186,023,111	100.00	100.00	L
35	OTP Bank Romania S.A.	RON	1,829,253,120	100.00	100.00	L
36	OTP banka dioničko društvo	HRK	3,993,754,800	100.00	100.00	L
37	OTP Banka Srbija AD. Beograd	RSD	23,723,021,200	100.00	100.00	L
38	OTP Debt Collection d.o.o. Podgorica	EUR	49,000,001	100.00	100.00	L
39	OTP eBIZ Kft.		281,000,000	100.00	100.00	L
40	OTP Life Annuity Real Estate Investment Plc.		2,000,000,000	100.00	100.00	L
41	OTP Factoring Bulgaria JSCo.	BGN	1,000,000	100.00	100.00	L
42	OTP Factoring Serbia Ltd.	RSD	782,902,282	100.00	100.00	L
43	OTP Factoring Slovensko Ltd.	EUR	22,540,000	100.00	100.00	L
44	OTP Factoring Romania Llc.	RON	600,405	100.00	100.00	L
45	OTP Factoring Ukraine LLC	UAH	6,227,380,554	100.00	100.00	L
46	OTP Factoring Ltd.		500,000,000	100.00	100.00	L
47	OTP Factoring Management Ltd.		3,000,000	100.00	100.00	L
48	OTP Financing Cyprus Private Company Limited by shares	EUR	1,001,000	100.00	100.00	L
49	OTP Financing Malta Company Limited	EUR	105,000,000	100.00	100.00	L
50	OTP Financing Netherlands	EUR	18,000	100.00	100.00	L
51	OTP Financing Solutions	EUR	18,000	100.00	100.00	L
52	OTP Holding Ltd.	EUR	131,000	100.00	100.00	L
53	OTP Holding Malta Ltd.	EUR	104,950,000	100.00	100.00	L
54	OTP Hungaro-Projekt Ltd.		27,720,000	100.00	100.00	L
55	OTP Real Estate Investment Fund Management Ltd.		100,000,000	100.00	100.00	L
56	OTP Real Estate Ltd.		1,000,000,000	100.00	100.00	L
57	OTP Ingatlankezelő Ltd.		50,000,000	100.00	100.00	L
58	OTP Real Estate Leasing Ltd.		214,000,000	100.00	100.00	L
59	OTP Ingatlanpont Ltd.		7,500,000	100.00	100.00	L
60	OTP Ingatlanüzemeltető Ltd.		30,000,000	100.00	100.00	L
61	OTP Insurance Broker EOOD	BGN	5,000	100.00	100.00	L
62	OTP Invest d.o.o.	HRK	12,979,900	100.00	100.00	L
63	OTP Investments d.o.o. Novi Sad	RSD	203,783,061	100.00	100.00	L
64	OTP Mortgage Bank Ltd.		37,000,000,000	100.00	100.00	L
65	OTP Card Factory Ltd.		450,000,000	100.00	100.00	L
66	OTP Close Building Society		2,000,000,000	100.00	100.00	L
67	OTP Leasing d.d.	HRK	8,212,000	100.00	100.00	L
68	OTP Leasing EOOD	BGN	4,100,000	100.00	100.00	L
69	OTP Leasing Romania IFN S.A.	RON	28,556,300	100.00	100.00	L
70	OTP Leasing Srbija d.o.o. Beograd	RSD	314,097,600	100.00	100.00	L

			Initial capital/Equity (HUF)	Ownership Directly + indirectly (%)	Voting rights (%)	Classification[1]
71	OTP Leasing d.o.o. Beograd	RSD	112,870,710	100.00	100.00	L
72	OTP Mérnöki Ltd.		3,000,000	100.00	100.00	L
73	OTP Mobile Service Ltd.		1,210,000,000	100.00	100.00	L
74	OTP Nekretnine d.o.o.	HRK	259,828,100	100.00	100.00	L
75	OTP Osiguranje ADO.	RSD	412,606,208	100.00	100.00	L
76	OTP Osiguranje d.d.	HRK	40,900,000	100.00	100.00	L
77	OTP Funds Servicing and Consulting Company Limited		2,349,940,000	100.00	100.00	L
78	OTP Financial point Ltd.		51,000,000	100.00	100.00	L
79	OTP Savjetovanje d.o.o.	HRK	3,531,400	100.00	100.00	L
80	OTP Services Ltd.	RSD	40,028	100.00	100.00	L
81	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	UAH	43,347,201	100.00	100.00	L
82	Podgorička banka AD Podgorica	EUR	24,730,558	100.00	100.00	L
83	PortfoLion Digital Ltd.		102,000,000	100.00	100.00	L
84	PortfoLion Venture Capital Fund Management Ltd.		39,500,000	100.00	100.00	L
85	R.E. Four d.o.o., Novi Sad	RSD	1,983,643,761	100.00	100.00	L
86	SB Leasing d.o.o.	HRK	23,332,000	100.00	100.00	L
87	SC Aloha Buzz SRL	RON	10,200	100.00	100.00	L
88	SC Favo Consultanta SRL	RON	10,200	100.00	100.00	L
89	SC Tezaur Cont SRL	RON	10,200	100.00	100.00	L
90	SKB Leasing d.o.o.	EUR	16,809,031	100.00	100.00	L
91	SKB Leasing Select d.o.o.	EUR	5,000,000	100.00	100.00	L
92	SPLC Ltd.		10,000,000	100.00	100.00	L
93	SPLC-P Ltd.		15,000,000	100.00	100.00	L
94	TOP Collector LLC	RUB	1,030,000	100.00	100.00	L
95	Velvin Ventures Ltd.	USD	50,000	100.00	100.00	L
96	Vojvodjanska Banka a.d. Novi Sad	RSD	31,607,808,040	100.00	100.00	L
97	OTP Buildings s.r.o.	EUR	18,717,301	100.00	100.00	L
98	SKB Banka d.d. Ljubljana	EUR	52,784,176	100.00	100.00	L
99	DSK Bank EAD	BGN	1,328,659,920	99.91	99.91	L
100	POK DSK-Rodina AD	BGN	6,010,000	99.75	99.75	L
101	OTP Banka Slovensko a.s.	EUR	126,590,712	99.44	99.44	L
102	Mobiasbanca - OTP Group S.A.	MDL	100,000,000	98.26	98.31	L
103	JSC "OTP Bank" (Russia)	RUB	4,423,768,142	97.91	97.91	L
104	ShiwaForce.com Inc.		105,321,000	67.50	67.50	L
105	Regional Urban Development Fund AD	BGN	250,000	52.00	52.00	L
106	OPUS Securities S.A.	EUR	31,000	0.00	51.00	L
107	OTP MRP		56,236,480,818	0.00	0.00	L

[1] Full consolidated -L

Ownership structure of OTP Bank Plc.

Description of owner	Total equity					
	1 January 2020			30 June 2020		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	18.84%	18.86%	52,750,611	21.11%	21.29%	59,105,878
Foreign institution/company	77.01%	77.10%	215,635,699	71.08%	71.67%	199,016,217
Domestic individual	2.98%	2.98%	8,344,202	5.77%	5.82%	16,156,567
Foreign individual	0.13%	0.13%	356,377	0.15%	0.15%	422,104
Employees, senior officers	0.80%	0.80%	2,240,465	0.87%	0.88%	2,435,964
Treasury shares[2]	0.12%	0.00%	323,520	0.83%	0.00%	2,313,939
Government held owner	0.08%	0.08%	219,372	0.08%	0.08%	219,800
International Development Institutions	0.04%	0.04%	122,218	0.03%	0.03%	73,393
Other[3]	0.00%	0.00%	7,546	0.09%	0.09%	256,148
TOTAL	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 30 June 2020 ESOP owned 5,291,296 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2020)

	1 January	31 March	30 June	30 September	31 December
OTP Bank	323,520	1,667,632	2,313,939		
Subsidiaries	0	0	0		
TOTAL	323,520	1,667,632	2,313,939		

Shareholders with over/around 5% stake as at 30 June 2020

Name	Number of shares	Ownership[1]	Voting rights[1,2]
MOL (Hungarian Oil and Gas Company Plc.)	24,000,000	8.57%	8.64%
KAFIJAT Group	19,835,748	7.08%	7.14%
OPUS Securities S.A.	14,496,476	5.18%	5.22%
Groupama Group	14,334,995	5.12%	5.16%

[1] Rounded to two decimals
[2] Voting rights in the General Meeting of the Issuer for participation in decision-making.

Senior officers, strategic employees and their shareholding of OTP shares as at 30 June 2020

Type[1]	Name	Position	No. of shares held
IT	Dr. Sándor Csányi [2]	Chairman and CEO	910,237
IT	Mihály Baumstark	member	53,200
IT	Dr. Tibor Bíró	member	38,600
IT	Tamás Erdei	member, Deputy Chairman	29,657
IT	Dr. István Gresa	member	163,658
IT	Antal Kovács	member, Deputy CEO	61,686
IT	Dr. Antal Pongrácz	member	96,851
IT	Dr. László Utassy	member	210,847
IT	Dr. József Vörös	member	164,514
IT	László Wolf	member, Deputy CEO	572,121
FB	Tibor Tolnay	Chairman	54
FB	Dr. Gábor Horváth	member, Deputy Chairman	0
FB	Klára Bella	member	93
FB	András Michnai	member	100
FB	Olivier Péqueux	member	0
FB	Dr. Márton Gellért Vági	member	0
SP	Dr. Zsolt Barna	General Deputy CEO	1,010
SP	László Bencsik	Chief Financial and Strategic Officer, Deputy CEO	43,037
SP	András Tibor Johancsik	Deputy CEO	31,055
SP	György Kiss-Haypál	Deputy CEO	3,215
TOTAL No. of shares held by management:			**2,379,935**

[1] Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)
[2] Number of OTP shares owned by Dr. Sándor Csányi directly or indirectly: 4,591,135

OFF-BALANCE SHEET ITEMS ACCORDING TO IFRS (consolidated, in HUF million) [1]

a) Contingent liabilities

	30/06/2020	30/06/2019
Commitments to extend credit	3,267,976	2,382,175
Guarantees arising from banking activities	997,548	684,423
Confirmed letters of credit	44,378	15,311
Legal disputes (disputed value)	60,972	26,502
Other	359,146	261,236
Total:	**4,730,020**	**3,369,647**

[1] Those financial undertakings, which are important from valuation perspectives however not booked within the balance sheet (such as surety, guarantees, pledge related obligations, etc.)

Changes in the headcount (active, FTE-basis) employed by the Bank and the subsidiaries

	End of reference period	Current period opening	Current period closing
Bank[1]	8,658	9,059	9,424
Consolidated[2]	36,785	40,648	38,348

[1]OTP Bank Hungary (standalone) employee figures.
[2] Due to the changes in the scope of consolidation, the historical figures are not comparable.

Security issuances on Group level between 1/07/2019 and 30/06/2020

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2020	Outstanding consolidated debt (in HUF million) 30/06/2020
OTP Bank Plc.	Corporate bond	XS2022388586	15/07/2019	15/07/2029	EUR	499,937,000	178,263
OTP Bank Plc.	Corporate bond	OTP_DK_22/II	29/05/2020	31/05/2022	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_23/II	29/05/2020	31/05/2023	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_24/II	29/05/2020	31/05/2024	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_25/II	29/05/2020	31/05/2025	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_26/I	29/05/2020	31/05/2026	HUF	0	0
OTP Bank Plc.	Corporate bond	OTP_DK_27/I	29/05/2020	31/05/2027	HUF	0	0
OTP Bank Plc.	Retail bond	OTP_VK1_20/5	15/08/2019	15/08/2020	USD	1,966,600	625
OTP Bank Plc.	Retail bond	OTP_VK1_20/6	26/09/2019	26/09/2020	USD	719,300	229
OTP Bank Plc.	Retail bond	OTP_VK1_20/7	07/11/2019	07/11/2020	USD	1,660,300	528
OTP Bank Plc.	Retail bond	OTP_VK1_20/8	19/12/2019	19/12/2020	USD	1,518,500	483
OTP Bank Plc.	Retail bond	OTP_VK1_21/1	20/02/2020	20/02/2021	USD	1,401,200	445
OTP Bank Plc.	Retail bond	OTP_VK1_21/2	02/04/2020	02/04/2021	USD	1,277,400	406
OTP Bank Plc.	Retail bond	OTP_VK1_21/3	14/05/2020	14/05/2021	USD	1,181,700	376
OTP Bank Plc.	Retail bond	OTP_VK1_21/4	18/06/2020	18/06/2021	USD	743,000	236
OTP Mortgage Bank	Mortgage bond	OJB2024_C	24/02/2020	24/10/2024	HUF	57,398	57,398
OTP Mortgage Bank	Mortgage bond	OJB2025_II	03/02/2020	26/11/2025	HUF	4,842	4,842

Security redemptions on Group level between 1/07/2019 and 30/06/2020

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy	Outstanding consolidated debt (in original currency or HUF million) 30/06/2019	Outstanding consolidated debt (in HUF million) 30/06/2019
OTP Bank Plc.	Corporate bond	OTPX2019A	25/06/2009	01/07/2019	HUF	211	211
OTP Bank Plc.	Corporate bond	OTPX2019B	05/10/2009	14/10/2019	HUF	286	286
OTP Bank Plc.	Corporate bond	OTPX2019C	14/12/2009	20/12/2019	HUF	228	228
OTP Bank Plc.	Corporate bond	OTPX2020A	25/03/2010	30/03/2020	HUF	251	251
OTP Bank Plc.	Corporate bond	OTPX2020E	18/06/2014	22/06/2020	HUF	3,137	3,137
OTP Bank Plc.	Retail bond	OTP_VK1_19/5	06/08/2018	06/08/2019	USD	818,600	233
OTP Bank Plc.	Retail bond	OTP_VK1_19/6	04/10/2018	04/10/2019	USD	2,066,500	587
OTP Bank Plc.	Retail bond	OTP_VK1_19/7	15/11/2018	15/11/2019	USD	868,400	247
OTP Bank Plc.	Retail bond	OTP_VK1_19/8	20/12/2018	20/12/2019	USD	1,495,800	425
OTP Bank Plc.	Retail bond	OTP_VK1_20/1	21/02/2019	21/02/2020	USD	1,531,200	435
OTP Bank Plc.	Retail bond	OTP_VK1_20/2	04/04/2019	04/04/2020	USD	2,481,400	705
OTP Bank Plc.	Retail bond	OTP_VK1_20/3	16/05/2019	16/05/2020	USD	893,400	254
OTP Bank Plc.	Retail bond	OTP_VK1_20/4	27/06/2019	27/06/2020	USD	1,916,300	544
OTP Bank Plc.	Corporate bond	OTP_DK_20/I	14/12/2018	31/05/2020	HUF	0	0
OTP Mortgage Bank	Mortgage bond	OJB2024_B	18/09/2018	24/05/2024	HUF	39,106	39,106

RELATED-PARTY TRANSACTIONS

The compensation of key management personnel, such as the members of the Board of Directors, members of the Supervisory Board, key employees of the Bank and its major subsidiaries involved in the decision-making process in accordance with the compensation categories defined in IAS 24 Related party disclosures, is summarised below.

Compensations in HUF million	1H 2019	1H 2020	Y-o-Y	2Q 2019	1Q 2020	2Q 2020	Q-o-Q	Y-o-Y
Total	**5,888**	**7,423**	**26%**	**3,426**	**3,087**	**4,336**	**40%**	**-10%**
Short-term employee benefits	4,276	5,364	25%	2,498	2,188	3,176	45%	-12%
Share-based payment	1,150	1,490	30%	558	745	745	0%	34%
Other long-term employee benefits	423	479	13%	331	146	333	128%	-56%
Termination benefits	14	5	-64%	14	5	0	-100%	
Redundancy payments	25	85	240%	25	3	82		-88%
Loans provided to companies owned by the management (normal course of business)	55,169	74,929	36%	55,169	85,018	74,929	-12%	36%
Credit lines and treasury framework contracts of the members of Board of Directors and the Supervisory Board and their close family members (at normal market conditions)	4,494	525	-88%	4,494	580	525	-9%	-88%
Commitments to extend credit and guarantees	49,037	39,175	-20%	49,037	27,888	39,175	40%	-20%
Loans provided to unconsolidated subsidiaries	5,673	2,264	-60%	5,673	2,289	2,264	-1%	-60%

[1] Members of the Board of Directors and the Supervisory Board, senior officers and the auditor of the company

Alternative performance measures pursuant to the National Bank of Hungary 5/2017. (V.24.) recommendation[7]

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1H 2019	Measures value 1H 2020
Leverage, consolidated[8]	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 1H 2020: $\frac{2{,}092{,}926.2}{23{,}914{,}167.9} = 8.8\%$ Example for 1H 2019: $\frac{1{,}767{,}382.4}{17{,}545{,}134.9} = 10.1\%$	10.1%	8.8%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's / Group's liquidity risk profile and aims to ensure that the Issuer / Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA) / (total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 1H 2020: $\frac{4{,}677{,}924.0}{3{,}342{,}977.0 - 884{,}973.5} = 190.3\%$ Example for 1H 2019: $\frac{4{,}514{,}401.0}{2{,}892{,}941.7 - 531{,}719.3} = 191.2\%$	191.2%	190.3%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1H 2020: $\frac{74{,}598.3 * 2.0}{2{,}337{,}746.0} = 6.4\%$ Example for 1H 2019: $\frac{177{,}958.6 * 2.0}{1{,}894{,}057.5} = 18.9\%$	18.9%	6.4%

[7] The NBH's recommendation (5/2017, 24 May) on Alternative Performance Measures (APM) came into effect from 1 June 2017, in line with ESMA's guidance (ESMA/2015/1415) on the same matter. The recommendation is aimed at – amongst other things – enhancing the transparency, reliability, clarity and comparability of those APMs within the framework of regulated information and thus facilitating the protection of existing and potential investors.

[8] Based on the prudential consolidation scope, which is different from the consolidation scope used in this report.

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1H 2019	Measures value 1H 2020
ROE (adjusted), consolidated	The return on equity ratio shall be calculated the consolidated adjusted after-tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted after-tax profit for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. Example for 1H 2020: (114,053.9 * 2.0) / 2,337,746.0 = 9.8% Example for 1H 2019: (202,629.9 * 2.0) / 1,894,065.1 = 21.6%	21.6%	9.8%
ROA (adjusted), consolidated	The return on asset ratio shall be calculated the consolidated adjusted net profit for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted net profit for the given period, the denominator is the average consolidated total asset. (The definition of average asset: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1H 2020: (114,053.9 * 2.0) / 21,177,115.4 = 1.1% Example for 1H 2019: (202,629.9 * 2.0) / 15,904,413.0 = 2.6%	2.6%	1.1%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted net operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	The numerator of the indicator is the consolidated adjusted net operating profit without one-off items for the given period, the denominator is the average consolidated total assets. Example for 1H 2020: (258,199.6 * 2.0) / 21,177,115.4 = 2.45% Example for 1H 2019: (232,934.9 * 2.0) / 15,904,413.0 = 2.95%	2.95%	2.45%
Total income margin (adjusted, without one-off items), consolidated	The total income margin shall be calculated the consolidated adjusted total income without one-off items for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	The numerator of the indicator is the consolidated adjusted total income without one-off items for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 1H 2020: (568,073.9 * 2.0) / 21,177,115.4 = 5.39% Example for 1H 2019: (498,994.0 * 2.0) / 15,904,413.0 = 6.32%	6.32%	5.39%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1H 2019	Measures value 1H 2020
Net interest margin (adjusted), consolidated	The net interest margin shall be calculated the consolidated adjusted net interest income for the given period divided by the average total assets, thus shows the effectiveness of net interest income generation on total assets.	The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 1H 2020: $\frac{394{,}762.7 \ * \ 2.0}{21{,}177{,}115.4} = 3.75\%$ Example for 1H 2019: $\frac{333{,}360.1 \ * \ 2.0}{15{,}904{,}413.0} = 4.22\%$	4.22%	3.75%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 1H 2020: $\frac{309{,}874.3 \ * \ 2.0}{21{,}177{,}115.4} = 2.94\%$ Example for 1H 2019: $\frac{266{,}059.0 \ * \ 2.0}{15{,}904{,}413.0} = 3.37\%$	3.37%	2.94%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income (without one-off items) for the given period. Example for 1H 2020: $\frac{309{,}874.3}{568{,}073.9} = 54.5\%$ Example for 1H 2019: $\frac{266{,}059.0}{498{,}994.0} = 53.3\%$	53.3%	54.5%
Provision for impairment on loan and placement losses (adjusted)/ average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan and placement losses relative to gross customer loans.	The numerator of the indicator is the consolidated adjusted provision for impairment on loan and placement losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average (adjusted) gross customer loans: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.) Example for 1H 2020: $\frac{116{,}200.9 \ * \ 2.0}{13{,}489{,}187.4} = 1.73\%$ Example for 1H 2019: $\frac{9{,}239.3 \ * \ 2.0}{9{,}698{,}931.2} = 0.19\%$	0.19%	1.73%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period. Example for 1H 2020: $\frac{130{,}744.3 \ * \ 2.0}{21{,}177{,}115.4} = 1.24\%$ Example for 1H 2019: $\frac{10{,}582.8 \ * \ 2.0}{15{,}904{,}413.0} = 0.13\%$	0.13%	1.24%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 1H 2019	Measures value 1H 2020
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period. Example for 1H 2020: $\frac{14,641.9}{128,695.8} = 11.4\%$ Example for 1H 2019: $\frac{25,297.8}{227,927.7} = 11.1\%$	11.1%	11.4%
Net loan/(deposit+retail bonds) ratio (FX-adjusted[9]), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank). Example for 1H 2020: $\frac{13,044,865.1}{16,577,310.1 + 2,769.2} = 79\%$ Example for 1H 2019: $\frac{9,474,300.5}{12,686,598.0 + 3,384.7} = 75\%$	75%	79%

[9] During the FX-adjustment the data of the base period were translated into HUF at the closing foreign exchange rates of the current period. The FX-adjusted data for the base period therefore differ from the FX-adjusted statistics published in previous quarters.

SUPPLEMENTARY DATA

FOOTNOTES OF THE TABLE 'CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)'

General note: regarding OTP Core and other subsidiaries, profit after tax is calculated without received dividends and net cash transfers (and other adjustment items). Dividends and net cash transfers received from non-group member companies are shown on a separate line in one sum in the table, regardless to the particular receiver or payer group member company.

(1) Aggregated adjusted after tax profit of OTP Core, Corporate Centre and foreign banks.

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd, OTP Building Society Ltd, OTP Factoring Ltd, OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., MONICOMP Ltd. and OTP Real Estate Leasing Ltd. were included from 1Q 2017 (from 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc. and OTP Ingatlanpont Llc. were included from 1Q 2019; OTP eBIZ Ltd. was included from 1Q 2020. The consolidated accounting results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.

(3) Within OTP Group, the Corporate Centre acts as a virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore the balance sheet of the Corporate Centre is funded by the equity and intragroup lending received from OTP Core, the intragroup lending received from other subsidiaries, and the subordinated debt and senior notes issued by OTP Bank. From this funding pool, the Corporate Centre is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre are as follows: Hungarians: Merkantil Bank Ltd, Merkantil Leasing Ltd, OTP Fund Management Ltd, OTP Real Estate Fund Management Ltd, OTP Life Annuity Ltd; foreigners: banks, leasing companies, factoring companies.

(4) The result and balance sheet of OTP Factoring Bulgaria EAD is included. From 1Q 2019 Expressbank AD and its subsidiaries, OTP Leasing EOOD and Express Factoring EOOD (altogether: Express Group) were included into the Bulgarian operation. From 1Q 2019 the statement of recognised income and balance sheet of DSK Leasing AD was included.

(5) Splitska banka and its subsidiaries were consolidated into OBH's results from 2Q 2017. From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included. In February 2020 the company name of OTP banka Hrvatska dioničko društvo was changed to OTP banka dioničko društvo.

(6) Including the financial performance of OTP Factoring Serbia d.o.o from 4Q 2010. Vojvodjanska banka has been consolidated from 4Q 2017. From 1Q 2019 the statement of recognised income and balance sheet of OTP Lizing d.o.o and OTP Services d.o.o. was included. The balance sheet of the newly acquired OTP banka Srbija was included in 3Q 2019, its P&L from 4Q 2019.

(7) From 2Q 2010 the statement of recognised income and balance sheet of OTP Faktoring SRL was included. From 1Q 2019 the statement of recognised income and balance sheet of OTP Leasing Romania IFN S.A. was included.

(8) From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, from 4Q 2009 the result of OTP Factoring Ukraine LLC was also aggregated.

(9) From 1Q 2015 to 4Q 2017 the performance of OTP Bank Russia does not contain the volumes and financial result of Touch Bank. From 1Q 2015 the statement of recognised income and balance sheet of LLC MFO "OTP Finance" was included in the Russian performance.

(10) Including the financial performance of OTP Factoring Montenegro d.o.o. (merged into CKB Bank in 4Q 2018). From 3Q 2019 the statement of recognised income and balance sheet of Podgoricka banka was included.

(11) From 2012 on P&L data and related indices are adjusted for the special banking tax and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, as well as the contribution into the Resolution Fund. Including the financial performance of OTP Faktoring Slovensko s.r.o.

(12) Until the end of 2019 the after tax profit of Merkantil Bank without dividends, net cash transfer and other adjustment items, since 1Q 2020 the subconsolidated after tax profit of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.

(13) LLC AMC OTP Capital, OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria).

(14) OTP Buildings s.r.o. (Slovakia), Velvin Ventures Ltd. (Belize), R.E. Four d.o.o., Novi Sad (Serbia), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), Cresco d.o.o. (Croatia), OTP Osiguranje d.d. (Croatia), OTP Solution Fund (Ukraine).

(15) Total Hungarian subsidiaries: sum of the adjusted after tax results of Hungarian group members, Corporate Centre and related eliminations.

(16) Total Foreign subsidiaries: sum of the adjusted after tax profits of foreign subsidiaries.

CALCULATION OF THE ADJUSTED LINES OF IFRS PROFIT AND LOSS STATEMENTS, AS WELL AS THE ADJUSTED BALANCE SHEET LINES PRESENTED IN THE REPORT, AND THE METHODOLOGY FOR CALCULATING THE FX-ADJUSTED VOLUME CHANGES

In order to present Group level trends in a comprehensive way in the Report, the presented consolidated and separate profit and loss statements of this report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated accounting figures together with Separate accounting figures of OTP Bank are still disclosed in the Financial Data section.

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions, the expected one-off negative effect of the debt repayment moratorium in Hungary, the impact of fines imposed by the Hungarian Competition Authority, the effect of acquisitions, and the one-off impact of regulatory changes related to FX consumer contracts in Serbia.

  Beside the Slovakian banking levy, the total amount of the special banking tax includes and the Slovakian Deposit Protection Fund contributions being introduced again in 2014, and the contribution into the Resolution Fund in Slovakia, too. Within banking taxes, the special tax booked by the Romanian subsidiary was also included in 4Q 2019.
- Until 4Q 2017 other non-interest income elements stemming from provisioning release in connection with provisions on loans originated before the acquisitions of the subsidiaries have been reclassified to and deducted from the volume of *Provision for impairment on loan and placement losses* line in the income statement. Starting from 1Q 2018 this income from the release of pre-acquisition provisions was presented amongst the *Provision for impairment on loan and placement losses* line both in the accounting and adjusted P&L structure.
- In 4Q 2019 the following items have been moved – even retroactively for the 2018 base periods – from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost*, *Provision for commitments and guarantees given*, *Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for loan losses and Other provisions* adjustment line).
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result (appearing in the accounting P&L structure from 3Q 2017), Gains and losses on derivative instruments, and Gains and losses on non-trading securities mandatorily at fair value through profit or loss lines between 1Q 2019 – 4Q 2019, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.
- From 2Q 2014 OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. In the addition to this, in agreement with the auditor OTP Bank has changed the way how private equity funds managed by PortfoLion are recorded. As a result of this, as opposed to the previous method of recording the funds at book value (initial book value less impairments), starting from 3Q 2019 the funds are evaluated based on their net asset value. The change in the carrying value was reclassified to the Net other non-interest result (adj.) without one-offs line in the adjusted P&L structure. Furthermore, received cash transfers within the framework of the subsidy programme targeting the expansion of POS network in Hungary were reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations, whereas from 1Q 2019 certain part of cash transfers to public benefit organizations was presented amongst net fees and commissions), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members from 3Q 2012 were reclassified from Other non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L. The amount of tax deductible transfers offset against the special tax on financial institutions is shown on a net base on the special tax on financial institutions line.
- The financial transaction tax paid from the beginning of 2013 in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- OTP Group is hedging the revaluation result of the FX provisions on its FX loans and interest claims by keeping hedging open FX positions. In the accounting statement of recognized income, the revaluation of FX provisions is part of the risk costs (within line "Provision for loan losses"), other provisions and net interest income lines, whereas the revaluation result of the hedging open FX positions is made through other non-interest income (within line

"Foreign exchange result, net"). The two items have the same absolute amount but an opposite sign. As an adjustment to the accounting statement of income, these items are eliminated from the adjusted P&L. By modifying only the structure of the income statement, this correction does not have any impact on the bottom line net profits.

- The Compensation Fund (established in Hungary in order to indemnify the victims of Quaestor and Hungarian Securities Ltd.) contributions booked from 1Q 2017 are recognized on the Other administrative expenses line of the accounting income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line the in the adjusted P&L structure (due to the tax deductibility).
- In case of OTP Banka Slovensko and OTP Bank Romania the total revaluation result of intra-group swap deals – earlier booked partly within the net interest income, but also on the Foreign exchange gains and Net other non-interest result lines within total Other non-interest income – is presented on a net base on the net interest income line starting from 1Q 2016.
- Due to the introduction of IFRS16 from 2019, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the accounting income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- Staring from 1Q 2020 the currency exchange result was shifted in the accounting P&L structure from the FX result to the net fees and commissions line, retroactively for the 2019 base period as well. In the adjusted P&L structure this
- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated).
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown are disclosed, too. For FX adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier.

Adjustments affecting the balance sheet (as well):

- On 17 February 2020 OTP Bank announced the signing of the sale agreement of its Slovakian subsidiary. According to IFRS 5 the Slovakian bank was presented as a discontinued operation in the consolidated income statement and balance sheet. With regards to the consolidated accounting balance sheet, all assets and liabilities of the Slovakian bank was shown on one-one line of the 2019 and 2020 balance sheet (there was no change in the 2018 closing balance sheet structure). As for the consolidated accounting income statement, the Slovakian contribution for 2018, 2019 and 2020 was shown separately from the result of continued operation, on the Loss from discontinued operation line, i.e. the particular P&L lines in the 'continuing operations' section of the accounting P&L don't incorporate the contribution from the Slovakian subsidiary. As opposed to this, the adjusted financial statements presented in this Summary incorporated the Slovakian banks' balance sheet and P&L contribution in the relevant respective lines, in line with the structure of the financial statements monitored by the management. Therefore, new adjustment lines have been inserted in the tables reconciling the accounting income statement and balance sheet lines with the adjusted ones.
- Starting from 3Q 2017, in the adjusted balance sheets presented in the analytical section of the report, the total amount of accrued interest receivables related to DPD90+ loans (until 4Q 2018) and Stage 3 loans under IFRS 9 (from 1Q 2019) were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the accounting balance sheet has an impact on the consolidated gross customer loans and allowances for loan losses.

ADJUSTMENTS OF CONSOLIDATED IFRS P&L LINES

in HUF million	1Q 19	2Q 19	1H 19	1Q 20	2Q 20	1H 20
Net interest income	**163,620**	**170,695**	**334,315**	**199,165**	**192,239**	**391,405**
(-) Revaluation result of FX provisions	20	6	25	-64	29	-35
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-202	491	289	87	72	158
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	768	745	1,513	1,792	1,175	2,966
(-) Effect of acquisitions	389	208	598	216	-309	-93
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0	0	0	0	0
(-) Reclassification due to the introduction of IFRS16	-429	-463	-892	-418	-418	-836
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				2,554	2,648	5,201
Net interest income (adj.)	**162,670**	**170,690**	**333,360**	**200,280**	**194,482**	**394,763**
Net fees and commissions	**80,593**	**88,053**	**168,645**	**95,493**	**92,028**	**187,521**
(+) Financial Transaction Tax	-16,309	-14,213	-30,522	-17,739	-12,100	-29,840
(-) Effect of acquisitions	-12	0	-11	-50	-34	-84
(+) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line	-366	366	0	0	0	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				1,005	922	1,927
(-) Structural shift of income from currency exchange from net fees to the FX result	6,706	7,381	14,087	9,575	14,297	23,872
Net fees and commissions (adj.)	**57,223**	**66,825**	**124,048**	**69,234**	**66,586**	**135,820**
Foreign exchange result	**1,126**	**1,740**	**2,866**	**10,507**	**-8,359**	**2,148**
(-) Revaluation result of FX positions hedging the revaluation of FX provisions	-834	-1,524	-2,358	10,167	-2,582	7,585
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	-406	-42	-449	-175	-1,594	-1,769
(-) Effect of acquisitions	0	0	0	-2	1	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-47	10	-37
(+) Structural shift of income from currency exchange from net fees to the FX result	6,706	7,381	14,087	9,575	14,297	23,872
Foreign exchange result (adj.)	**9,072**	**10,688**	**19,760**	**10,045**	**10,122**	**20,167**
Gain/loss on securities, net	**1,532**	**4,655**	**6,187**	**-2,797**	**8,774**	**5,977**
(-) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019 until 4Q 2019	590	23	614	-	-	-
(-) Effect of acquisitions					-66	-66
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines					358	358
Gain/loss on securities, net (adj.) with one-offs	**942**	**4,632**	**5,573**	**-2,797**	**9,199**	**6,402**
(-) Revaluation result of the treasury share swap agreement (booked as Gain on securities, net (adj) at OTP Core)	-735	601	-134	360	880	1,240
Gain/loss on securities, net (adj.) without one-offs	**1,677**	**4,031**	**5,708**	**-3,157**	**8,319**	**5,161**
Result of discontinued operation	**0**	**0**	**0**	**-36**	**-2,596**	**-2,632**
(-) Effect of acquisitions				1	17	18
Result of discontinued operation (adj.)	**0**	**0**	**0**	**-37**	**-2,613**	**-2,651**

in HUF million	1Q 19	2Q 19	1H 19	1Q 20	2Q 20	1H 20
Gains and losses on real estate transactions	**1,985**	**3,647**	**5,632**	**557**	**607**	**1,164**
Result of discontinued operation (adj)	**0**	**0**	**0**	**-37**	**-2,613**	**-2,651**
(+) Other non-interest income	**15,064**	**5,131**	**20,195**	**13,648**	**3,707**	**17,355**
(+) Gains and losses on derivative instruments	**1,957**	**-675**	**1,282**	**3,524**	**3,318**	**6,842**
(+) Net insurance result	**171**	**258**	**429**	**371**	**432**	**803**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**849**	**69**	**918**	**-173**	**227**	**54**
(-) Received cash transfers	39	248	287	2	35	37
(+) Other other non-interest expenses	-596	-958	-1,553	-3,066	-997	-4,063
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	-454	-193	-646	85	-277	-192
(-) Investment impairment in relation to the sale of Express Life Bulgaria (presented on the *Goodwill/investment impairment charges*adjustment line on consolidated level)	0	-363	-363	0	0	0
(-) Effect of acquisitions	10,429	4	10,433	7,430	-52	7,377
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	204	533	737	262	1,665	1,927
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-87	-71	-158	-37	-15	-52
(-) Impact of fines imposed by the Hungarian Competition Authority	0	0	0	0	823	823
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	-92	-94	-185	-96	-33	-128
(+) Shifting of Non-trading securities mandatorily at fair value through profit or loss line to Net other non-interest income from 1Q 2019 until 4Q 2019	590	23	614	-	-	-
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				124	2,710	2,834
Net other non-interest result (adj.) with one-offs	**9,074**	**7,044**	**16,119**	**7,472**	**4,691**	**12,163**
(-) Gain on the repurchase of own Upper and Lower Tier2 Capital (booked as Net other non-interest result (adj) at OTP Core and at the Corporate Centre)	0	0	0	0	0	0
Net other non-interest result (adj.) without one-offs	**9,074**	**7,044**	**16,119**	**7,472**	**4,691**	**12,163**
Provision for impairment on loan and placement losses	**-13,753**	**-4,866**	**-18,619**	**-97,568**	**-27,149**	**-124,717**
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	**179**	**-134**	**45**	**-133**	**-1,579**	**-1,712**
(+) Provision for commitments and guarantees given	**-1,916**	**23**	**-1,893**	**-5,676**	**-4,744**	**-10,420**
(+) Impairment of assets subject to operating lease and of investment properties	**-51**	**-61**	**-112**	**883**	**12**	**894**
(-) Revaluation result of FX provisions	816	1,531	2,347	-9,996	2,546	-7,450
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	-47	100	53	73	90	162
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line) at OTP Core and CKB	768	745	1,513	1,792	1,175	2,966
(-) Effect of acquisitions	-8,140	-203	-8,342	-1,119	-12	-1,131
(-) One-off impact of regulatory changes related to FX consumer contracts in Serbia		-1,926	-1,926	0	0	0
(-) Structural correction between Provision for loan losses and Other provisions	-1,787	-172	-1,960	-4,926	-6,311	-11,237
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				10	-2,878	-2,869
Provision for impairment on loan and placement losses (adj.)	**-5,616**	**-3,624**	**-9,239**	**-84,724**	**-31,477**	**-116,201**
Dividend income	**-311**	**5,698**	**5,387**	**115**	**-159**	**-44**
(+) Received cash transfers	39	248	287	2	35	37
(+) Paid cash transfers	-8,346	228	-8,118	-2,351	-1,119	-3,470
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	-8,342	226	-8,117	-2,351	-1,118	-3,469
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	0	5,710	5,710	0	0	0
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	-454	-193	-646	85	-277	-192
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				1	0	1
After tax dividends and net cash transfers	**177**	**432**	**609**	**33**	**152**	**185**

in HUF million	1Q 19	2Q 19	1H 19	1Q 20	2Q 20	1H 20
Depreciation	**-17,566**	**-23,498**	**-41,064**	**-21,771**	**-22,740**	**-44,511**
(-) Goodwill impairment charges	0	-4,887	-4,887	0	0	0
(-) Effect of acquisitions	-2,003	-1,909	-3,912	-1,970	-1,919	-3,889
(-) Reclassification due to the introduction of IFRS16	-3,147	-3,414	-6,561	-4,214	-4,076	-8,290
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-419	-371	-790
Depreciation (adj.)	**-12,416**	**-13,289**	**-25,705**	**-16,005**	**-17,116**	**-33,121**
Personnel expenses	**-63,996**	**-67,447**	**-131,443**	**-77,901**	**-76,323**	**-154,224**
(-) Effect of acquisitions	-72	-236	-308	-375	-1,424	-1,799
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-1,788	-1,828	-3,616
Personnel expenses (adj.)	**-63,924**	**-67,211**	**-131,135**	**-79,314**	**-76,727**	**-156,041**
Income taxes	**-10,560**	**-8,046**	**-18,606**	**-1,519**	**-9,637**	**-11,155**
(-) Corporate tax impact of goodwill/investment impairment charges	0	859	859	0	886	886
(-) Corporate tax impact of the special tax on financial institutions	1,477	50	1,527	1,651	116	1,767
(+) Tax deductible transfers (offset against corporate taxes)	0	0	0	0	0	0
(-) Corporate tax impact of the effect of fines imposed by the Hungarian Competition Authority	0	0	0	0	-74	-74
(-) Corporate tax impact of the effect of acquisitions	-612	4,917	4,305	-1,137	124	-1,013
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				13	-134	-121
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary				1,998	-198	1,800
Corporate income tax (adj.)	**-11,426**	**-13,872**	**-25,298**	**-4,018**	**-10,624**	**-14,642**
Other operating expense	**-10,347**	**-3,732**	**-14,080**	**-30,844**	**-2,889**	**-33,733**
(-) Other costs and expenses	-1,686	-1,738	-3,425	-1,356	-1,823	-3,179
(-) Other non-interest expenses	-8,942	-729	-9,671	-5,417	-2,116	-7,533
(-) Effect of acquisitions	-1,148	-726	-1,874	89	38	127
(-) Revaluation result of FX provisions	-2	-13	-15	-107	7	-100
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	134	-30	105	-36	-74	-110
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	92	94	185	96	33	128
(+) Structural correction between *Provision for loan losses* and *Other provisions*	-1,787	-172	-1,960	-4,926	-6,311	-11,237
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-81	-123	-204
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary				-22,150	2,186	-19,964
Other provisions (adj.)	**-582**	**-762**	**-1,343**	**-6,969**	**-7,574**	**-14,543**
Other administrative expenses	**-75,995**	**-66,131**	**-142,126**	**-89,917**	**-66,501**	**-156,418**
(+) Other costs and expenses	-1,686	-1,738	-3,425	-1,356	-1,823	-3,179
(+) Other non-interest expenses	-8,942	-729	-9,671	-5,417	-2,116	-7,533
(-) Paid cash transfers	-8,346	228	-8,118	-2,351	-1,119	-3,470
(+) Film subsidies and cash transfers to public benefit organisations	-8,342	226	-8,117	-2,351	-1,118	-3,469
(-) Shifting of certain cash transfers to public benefit organisations to the Net fees and commissions line	-366	366	0	0	0	0
(-) Other other non-interest expenses	-596	-958	-1,553	-3,066	-997	-4,063
(-) Special tax on financial institutions (recognised as other administrative expenses)	-16,706	-245	-16,951	-18,385	-710	-19,095
(-) Financial Transaction Tax	-16,309	-14,213	-30,522	-17,739	-12,100	-29,840
(-) Effect of acquisitions	-1,600	-2,829	-4,429	-2,134	-3,096	-5,230
(+) Reclassification due to the introduction of IFRS16	-3,577	-3,876	-7,453	-4,633	-4,494	-9,127
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines				-1,372	-1,312	-2,684
Other non-interest expenses (adj.)	**-54,619**	**-54,600**	**-109,219**	**-61,371**	**-59,341**	**-120,712**

ADJUSTMENTS OF CONSOLIDATED IFRS BALANCE SHEET LINES

in HUF million	1Q 2019	2Q 2019	4Q 2019	1Q 2020	2Q 2020
Cash, amounts due from Banks and balances with the National Banks	1,545,143	1,504,941	1,784,378	2,132,832	2,129,280
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			57,586	46,879	46,131
Cash, amounts due from Banks and balances with the National Banks (adjusted)	1,545,143	1,504,941	1,841,963	2,179,710	2,175,411
Placements with other banks, net of allowance for placement losses	505,397	494,745	410,078	630,182	930,149
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			354	510	458
Placements with other banks, net of allowance for placement losses (adjusted)	505,397	494,745	410,433	630,691	930,607
Financial assets at fair value through profit or loss	175,825	190,504	251,991	365,114	275,426
(+) Allocation of Assets classified as held for sale among balance sheet lines				1	832
Financial assets at fair value through profit or loss (adjusted)	175,825	190,504	251,991	365,114	276,258
Securities at fair value through other comprehensive income	2,111,988	2,145,586	2,426,779	2,349,343	1,906,501
(+) Allocation of Assets classified as held for sale among balance sheet lines			759	725	2
Securities at fair value through other comprehensive income (adjusted)	2,111,988	2,145,586	2,427,537	2,350,068	1,906,504
Gross customer loans (incl. accrued interest receivables related to loans)	9,791,759	10,191,597	12,585,969	13,500,912	13,510,506
(-) Accrued interest receivables related to DPD90+ / Stage 3 loans	32,983	34,233	35,450	38,507	41,352
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			391,490	413,662	409,410
Gross customer loans (incl. accrued interest receivables related to loans) (adjusted)	9,758,776	10,157,364	12,942,009	13,876,067	13,878,564
Allowances for loan losses	-715,284	-717,296	-706,907	-811,024	-847,933
(-) Allocated provision on accrued interest receivables related to DPD90+ / Stage 3 loans	-32,983	-34,233	-35,450	-38,507	-41,352
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			-23,033	-24,851	-27,118
Allowances for loan losses (adjusted)	-682,301	-683,064	-694,490	-797,367	-833,699
Securities at amortized costs	1,834,932	1,792,912	1,968,072	2,180,691	2,369,970
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			27,555	29,370	29,352
Securities at amortized costs (adjusted)	1,834,932	1,792,912	1,995,627	2,210,061	2,399,322
Tangible and intangible assets, net	521,168	516,860	595,128	591,624	591,741
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			10,545	11,048	10,685
Tangible and intangible assets, net (adjusted)	521,168	516,860	605,673	602,672	602,426
Other assets	318,089	321,108	785,456	897,325	897,633
(+) Allocation of *Assets classified as held for sale* among balance sheet lines			-465,255	-477,344	-469,753
Other assets (adjusted)	318,089	321,108	320,201	419,982	427,879
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	572,174	522,373	844,261	1,363,750	1,029,846
(+) Allocation of Liabilities directly associated with assets classified as held-for-sale among balance sheet lines			1,898	2,062	1,584
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss (adjusted)	572,174	522,373	846,158	1,365,812	1,031,430
Deposits from customers	12,402,053	12,699,825	15,171,308	15,995,969	16,231,927
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines			351,346	359,493	356,235
Deposits from customers (adjusted)	12,402,053	12,699,825	15,522,654	16,355,462	16,588,162
Other liabilities	800,060	776,407	1,171,805	1,511,121	1,474,811
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines			-353,244	-361,555	-357,819
Other liabilities (adjusted)	800,060	776,407	818,561	1,149,566	1,116,992
Subordinated bonds and loans	81,201	81,532	249,937	272,320	271,478
(+) Allocation of Liabilities directly associated with assets classified as held-for-sale among balance sheet lines				0	0
Subordinated bonds and loans (adjusted)	81,201	81,532	249,937	272,320	271,478

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